Annual report 2020

As the world changes, we make it **easier to be tryg**

Tryg A/S · Klausdalsbrovej 601, 2750 Ballerup, Denmark · CVR no. 26460212

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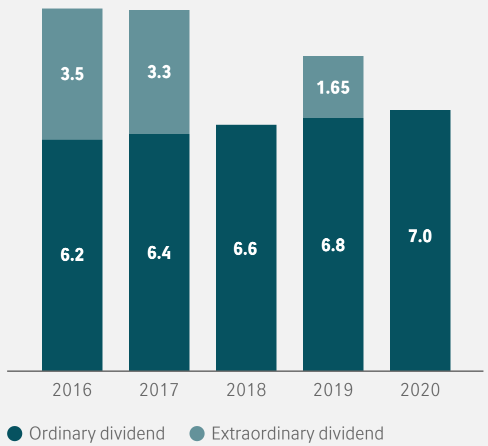
Tryg at a glance

Tryg aims to pay a nominal, stable and increasing ordinary dividend, while maintaining stable results and a high level of return on capital employed

Shareholder remuneration
(DKK per share)



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Highlights 2020

Financial 2020

7.0%
Premium growth in local currencies
2019: 6.1% excl. Alka

14.1
Expense ratio
2019: 14.2

3,495m
Technical result (DKK)
2019: 3,237m

585m
Return on free investments portfolio (DKK)
2019: 857m

311m
Total investment return (DKK)
2019: 579m

3,541m
Profit before tax (DKK)
2019: 3,628m

7.00
Total annual dividend per share (DKK)
2019: 6.80

84.5
Combined ratio
2019: 85.1

183
Solvency ratio
2019: 162

Financial Q4

7.4%
Premium growth in local currencies
2019: 5.6% excl. Alka

14.0
Expense ratio
2019: 14.6

780m
Technical result
2019: 762m

513m
Return on free investments portfolio (DKK)
2019: 226m

513m
Total investment return (DKK)
2019: 198m

1,223m
Profit before tax (DKK)
2019: 940m

1.75
Q4 dividend per share (DKK)
2019: 1.70

86.3
Combined ratio
2019: 86.1

0.6%
Improvement of underlying claims ratio (Group) percentage points
2019: 0.5%

Customer Q4

33%
Increase in awareness of TryghedsGruppen's member bonus among non-customers
2019: 28%

3.9
Number of products per customer
2019: 3.8

72
TNPS
2019: 68

Tryg reported a premium growth of 7.0%. The technical result of DKK 3,495m (DKK 3,237m) was impacted by continued positive developments in the core business, the delivery of the Alka synergies and lower than normal large and weather claims. Investment income of DKK 311m (DKK 579m) driven by positive financial market returns in a year characterised by significant volatility after the outbreak of COVID-19 in Q1 2020 and related worries regarding the macroeconomic environment. Profit before tax of DKK 3,541m (DKK 3,628m).

Quarterly dividend of DKK 1.75 per share, supporting TryghedsGruppen's member bonus. Solvency ratio of 183.

Tryg at a glance

As the world changes, we make it easier to be **tryg***

Strong market position

Tryg is one of the largest non-life insurance companies in the Nordic region. We are the largest player in Denmark and the fourth-largest in Norway. In Sweden, we are the fifth-largest company in the market.

4 million customers

Our 4.400 employees provide peace of mind for 4 million customers and handle approximately 1 million claims on a yearly basis.

Attractive dividend policy

We aim to distribute a nominal, stable increase in dividend and to pay out 60-90% of our profit.

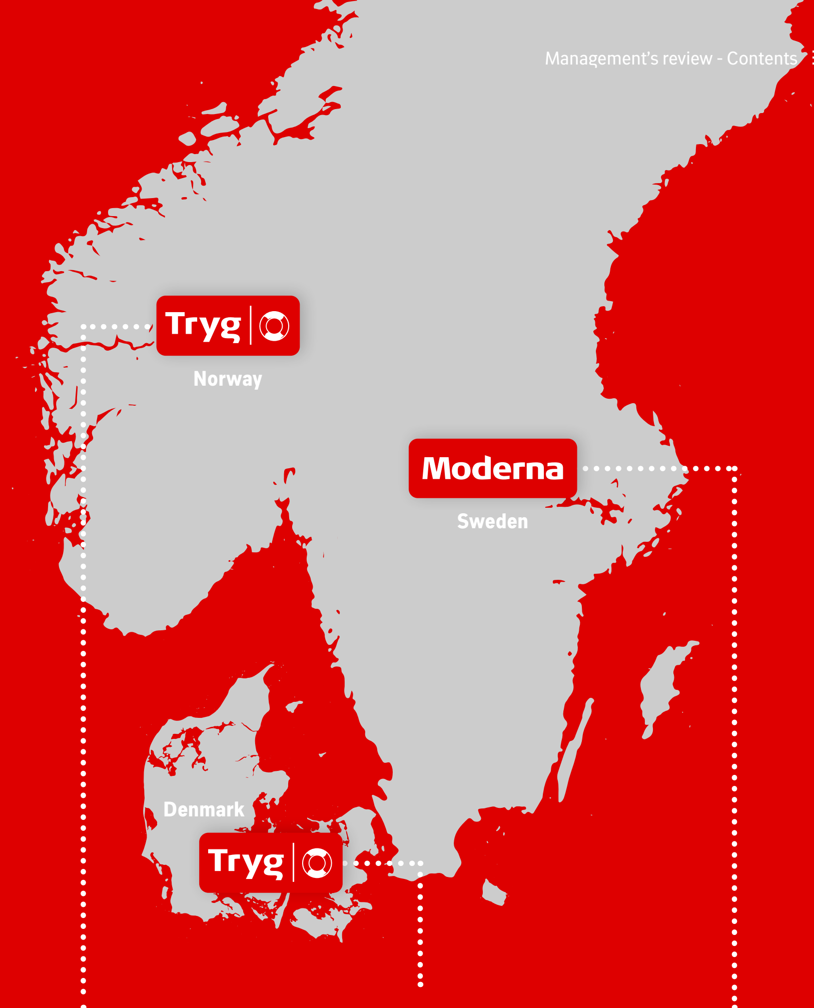
Broad diversity of products

We offer a broad range of insurance products for private individuals as well as businesses.

Trygheds-Gruppen

TryghedsGruppen owns 53% of Tryg and contributes to projects that create peace of mind via Tryg-Fonden. In 2020, Tryg-Fonden has contributed with up to DKK 650m.

Read more about our history on tryg.com



4 Market position	**1** Market position	**5** Market position
13.1% Market share	**22.9%** Market share	**3.3%** Market share
1,100 Employees	**2,859** Employees	**441** Employees

* 'Tryg' means feeling protected and cared for.

Business areas

Private

Private provides insurance products to private customers in Denmark and Norway. Private offers a range of insurance products including motor, contents, house, accident, travel, motorcycles, pet and health.

56% of premiums

1,344 employees[a]

Distribution channels

Own sales agents • Call centres • Real estate agents • Internet • Car dealers • Franchises

Brands

alka • Venter – en del av Tryg • Tryg

Commercial

Commercial provides insurance products including motor, property, liability, workers' compensation, travel and health to small and medium-sized business in Denmark and Norway.

20% of premiums

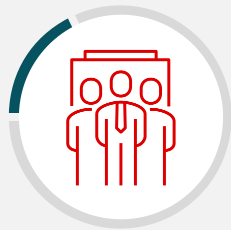
538 employees[a]

Distribution channels

Call centres • Internet • Own sales agents • Franchise offices

Brands

Tryg



Corporate

Corporate provides insurance products including property, liability, workers' compensation, transport, group life etc. to corporate customers under the brand Tryg in Denmark and Norway, and Moderna in Sweden. Tryg is part of the global AXA Corporate solutions network.

17% of premiums

291 employees[a]

Distribution channels

Own sales agents • Insurance brokers

Brands

Tryg • Moderna • Tryg Garanti

Sweden

Sweden provides insurance products to private individuals within car, house, pet, child, boat and accident insurance etc.

7% of premiums

408 employees[a]

Distribution channels

Own sales agents • Call centres • Internet

Brands

Moderna • Moderna Djurförsäkringar • Atlantica • Bilsport & MC

[a] Employee numbers do not include shared service units such as IT, Finance etc. and claims departments

Income overview

DKKm	Q4 2020	Q4 2019	2020	2019	2018	2017	2016
Gross premium income	**5,744**	**5,479**	**22,653**	**21,741**	**18,740**	**17,963**	**17,707**
Gross claims	-3,963	-3,851	-15,437	-14,857	-12,636	-11,865	-11,619
Total insurance operating costs	-806	-798	-3,202	-3,081	-2,704	-2,516	-2,737
Profit/loss on gross business	975	829	4,014	3,803	3,400	3,582	3,351
Profit/loss on ceded business	-187	-66	-499	-566	-624	-779	-951
Insurance technical interest, net of reinsurance	-7	0	-20	1	-10	-14	-10
Technical result	**780**	**762**	**3,495**	**3,237**	**2,766**	**2,789**	**2,390**
Investment return after insurance technical interest	513	198	311	579	-332	527	987
Other income and costs	-70	-20	-265	-188	-172	-77	-157
Profit/loss before tax	**1,223**	**940**	**3,541**	**3,628**	**2,262**	**3,239**	**3,220**
Tax	-185	-234	-768	-783	-529	-720	-748
Profit/loss on continuing business	**1,038**	**706**	**2,773**	**2,845**	**1,733**	**2,519**	**2,472**
Profit/loss on discontinued and divested business after tax	0	-1	0	-2	-2	-2	-1
Profit/loss	**1,038**	**705**	**2,773**	**2,843**	**1,731**	**2,517**	**2,471**
Run-off gains/losses, net of reinsurance	314	256	1,145	1,194	1,221	972	1,239
Key figures							
Total equity	12,264	12,085	12,264	12,085	11,334	12,616	9,437
Return on equity after tax (%)	34.2	23.0	22.5	24.6	14.9	28.8	26.2
Number of shares 31 December (1,000)	301,750	301,700	301,750	301,700	301,743	301,945	274,595
Earnings per share (DKK)	2.10	2.33	9.19	9.42	5.73	9.12	8.84
Operating earnings per share (DKK)[a]	2.18	2.46	9.54	9.82	5.84	9.12	8.84
Net asset value per share (DKK)			40.64	40.05	37.56	41.78	34.37
Ordinary dividend per share (DKK)	1.75	1.70	7.00	6.80	6.60	6.40	6.20
Extraordinary dividend per share (DKK)				1.65		3.31	3.54
Premium growth in local currencies	7.4	10.4	7.0	17.1	6.3	1.7	0.1
Gross claims ratio	69.0	70.3	68.1	68.3	67.4	66.1	65.6
Net reinsurance ratio	3.3	1.2	2.2	2.6	3.3	4.3	5.4
Claims ratio, net of ceded business	72.3	71.5	70.3	70.9	70.7	70.4	71.0
Gross expense ratio	14.0	14.6	14.1	14.2	14.4	14.0	15.7
Combined ratio	**86.3**	**86.1**	**84.5**	**85.1**	**85.1**	**84.4**	**86.7**
Run-off, net of reinsurance (%)	-5.5	-4.7	-5.1	-5.5	-6.5	-5.4	-7.0
Large claims, net of reinsurance (%)	3.5	1.8	2.2	2.1	2.6	1.4	2.2
Weather claims, net of reinsurance (%)	2.6	1.7	1.6	1.9	2.0	1.7	2.0
Discounting (%)	0.2	0.7	0.2	0.7	1.1	1.0	0.9
COVID-19 claims, net of reinsurance (%)	-0.9	0.0	-0.8	0.0	0.0	0.0	0.0
Combined ratio on business areas							
Private	83.3	83.8	83.9	83.7	81.6	82.1	83.8
Commercial	86.4	90.3	83.3	86.8	80.3	82.6	82.1
Corporate	100.5	92.6	88.0	87.6	95.6	90.0	88.8
Sweden	75.5	75.3	83.2	84.8	86.0	88.1	90.7

[a] Adjusted for depreciation on intangible assets related to Brands and Customer relations after tax
Note: Tryg´s acquisition of Alka affects the Financial Statement from closing the 8 November 2018

Meeting 2020 targets and a potential acquisition that will create **the biggest non-life insurer in Scandinavia**

Introduction by Chairman & Group CEO

All financial targets met

In 2020, Tryg met all the financial targets presented at the Capital markets day (CMD) in November 2017. The technical result target of DKK 3,300bn should be seen against a full-year techinal result of DKK 3,495bn, the combined ratio target of ≤ 86 should be seen against a full-year combined ratio of 84.5, and the expense ratio target of ~14 should be seen against a full-year expense ratio of 14.1. In a stock exchange announcement on March 27, Tryg abandoned the ≥ 21% after tax ROE target for 2020 following unprecedented capital market developments in Q1. The mark to market losses in Q1 were more than fully recovered in the following quarters, and Tryg is reporting a FY ROE of 22.5%.

Achieving targets through strategic initiatives

Tryg has defined four strategic initiatives to achieve its financial targets, including continuous work on **claims excellence** through leveraging of Tryg's procurement power and capitalising Alka's fraud capabilities.

Many customers prefer **digital communication**, and Tryg aims to offer a wide range of digital self-service solutions, including solutions that enable customers to access exactly which products and coverage they need, buy insurance products, make changes to existing products and to report claims. In 2020, more than 5 million customers logged in to Tryg's digital self- service offerings.

Tryg continued to focus on **distribution efficiency**, and in 2020 the continued use of agents was the primary driver of benefits. Private in Denmark and Norway as well as Commercial in Denmark have been particularly successful in using agents.

Tryg is constantly developing **new products and services**, which has resulted in the launch of more than 50 new products and services since the beginning of 2018. These products and services meet customer demand and are increasing Tryg's share of wallet.

Strong customer focus

Tryg continues to have a strong customer focus. In 2020, the Transaction Net Promotor Score (TNPS) was 72, exceeding the ambitious target of 70. The number of products per customer was 3.9 in 2020, corresponding to growth of 7% per customer, and therefore slightly lower than the targeted 4.0. This is mainly due to strong growth in the car sales channel in Norway selling only motor insurance.

> **Tryg has a strong focus on** ensuring that shareholders receive a nominal and stable increase in dividends. A total dividend of DKK 7.00 per share will be paid for 2020.

High profitable growth driven by Private segment

Tryg reported a premium growth of 7.0%, driven by strong growth of 9.0% in the profitable Private segment in both Denmark and Norway. The Commercial segment also reported a positive growth of 6.0%, supported by both Denmark and Norway. Corporate reported a growth of 1.4%, reflecting a continued focus on improving profitability in all countries. The development in 2020 supports the focus to rebalance the portfolio with more Private and Commercial business and less Corporate business.

Stable and increasing dividend to shareholders

Tryg has a strong focus on ensuring that shareholders receive a nominal and stable increase in dividends. A total dividend of DKK 7.00 per share will be paid for 2020 (DKK 6.80 in 2019). After the significant negative impact of COVID-19 in Q1 2020, Tryg announced an annual dividend decision instead of quarterly dividend payment. However, despite challenging times, Tryg's business model proved very resilient, and it was therefore decided on 9 November 2020 to pay out a dividend of DKK 5.25 per share for the first three quarters of 2020. In Q4, Tryg will pay a dividend per share of DKK 1.75.

Recommended cash offer for RSA Insurance Group Plc

On 18 November, Tryg made a recommended cash offer together with the Canadian insurer Intact Financial Corporation to acquire RSA Insurance Group Plc. As part of the transaction, Tryg will take over RSA's Swedish and Norwegian businesses and co-own RSA's Danish business on a 50/50 economic basis. The acquisition will make Tryg the biggest non-life insurer in Scandinavia and create a much more balanced group with a significantly strengthened presence in Sweden. The acquisition is expected to achieve an ROI of around 7%, result in the high teen EPS accretion by 2023 and double the technical result (including DKK 900m of synergies) in 2024. Tryg takes confidence from the Alka acquisition, which delivered synergies of DKK 176m in 2020 against a target of DKK 150m.

A year with COVID-19

COVID-19 impacted 2020 in many ways. Primarily, it led to changed ways of working for all employees with much more working from home and virtual meetings. Despite this big change, Tryg managed to improve customer satisfaction and maintain high sales level due to very flexible employees and strong customer focus. The financial impact of COVID-19 was limited in 2020 with a large loss driven by travel insurance claims in Q1 2020 fully offset by lower claims frequencies in the following quarters.

Thanks to all employees

2020 was a very challenging year for all the employees in Tryg as a result of COVID-19. We are very proud to see how the employees adapted to a new and unprecedented situation with a continued strong customer focus. Furthermore, even in this difficult situation we saw that job satisfaction increased to 80 in 2020 against 78 in 2019. The Supervisory Board and the Executive Board would like to thank all employees for their great efforts.

JUKKA PERTOLA
Chairman

MORTEN HÜBBE
Group CEO

Events in 2020

Group

Management changes in Corporate

In 2020, two new directors in Corporate Norway and Denmark as well as a new country manager in the Swedish business, Moderna, were appointed. The recruitment of the new management is aligned with Tryg's ambition to increase our focus on profitability initiatives in all Corporate segments in the coming years.

Tryg works from home

Since March 2020, the vast majority of Tryg's employees in Denmark, Sweden and Norway have been working from home as a result of COVID-19. Throughout this period, it has been a key priority to ensure strong operations and maintain a high level of customer satisfaction. It was very positive to see an increase in the overall TNPS score reaching an all-time high level under these conditions.

Recommended cash offer for RSA Insurance Group plc

On 18 November, Tryg made a cash offer together with the Canadian insurer Intact to acquire RSA according to which Tryg would take over the Swedish and Norwegian businesses and co-own RSA's Danish business on a 50/50 economic basis. Following the acquisition, Tryg will be the largest non-life insurance company in Scandinavia with a much more balanced portfolio across Denmark, Sweden and Norway. At the EGM on 18 December 2020, the Supervisory Board was authorised to increase the company's share capital to finance the bid of approximately DKK 35bn.

Norway

Renewal of big partner agreements

Tryg renewed its big partner agreements with UDF (Union of Education Norway) and NMF (Norwegian Band Federation) in Q4 2020 for three and five years, respectively. Partner agreements are very important for the Norwegian business, and Tryg was therefore pleased to renew these agreements on good terms for all parties.

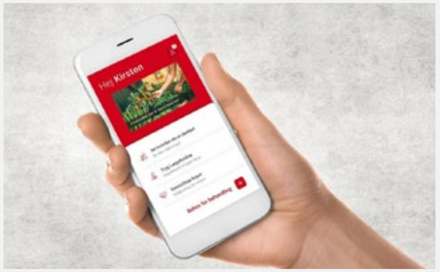
Tryg Smart

A number of NITO (Norwegian Engineer Organisation) members were offered to test a sensor package that will be installed in the members' holiday homes. Through an app, members can check temperature, leaks, smoke and electricity consumption. The initiative is tailored to NITO's members and supports Tryg's strong focus on prevention and digitalisation.

Denmark

Tryg Sund

In 2020, Tryg's own app 'Tryg Sund' ('Tryg Health') was launched. Tryg Sund provides users with an overview of health insurance services, such as Tryg Medical Hotline, as well as guidance on ways to improve health, while also enabling customers to report claims directly from the app. In the first month following its launch, the app had more than 4,000 downloads from AppStore and GooglePlay.



TryghedsGruppen's member bonus

For the fifth consecutive year, TryghedsGruppen, Tryg's majority shareholder, paid out a member bonus for 2020 of DKK 985m, equivalent to 8% of premiums paid for 2019. The bonus was paid to Tryg and Alka customers in Denmark, or every fourth Dane.

Tryg Bilpleje – new digitally driven prevention product

In Q1 2020, 'Tryg Bilpleje' ('Tryg Car Service') was launched in Denmark for private customers. For a monthly fee, the product offers access to a number of light car services such as car wash, change of tyres and seasonal car check-ups – all in one package. Tryg Bilpleje is the first fully digitalised product. This means that customers can only buy and use the product digitally, which makes it more convenient for them to use the services.

Sweden

A good year for Bilsport & MC and Atlantica

Moderna's enthusiast brands – Bilsport & MC (for car and motorcycle enthusiasts) and Atlantica (for boats) – have shown that profitability and growth can go hand in hand. A new product offered by Bilsport & MC was the single most important contributor to delivering full-year sales targets already in Q3 2020. Atlantica has benefitted from people holidaying in Sweden and has met full-year sales target with comfortable margins.

Strong development together with new and old partners

During 2020, existing partner channels developed, and furthermore new partnerships were launched. For example, Moderna launched Mekonomen Bilförsäkring together with the existing partner Mekonomen and broadened its product offering through Akademikerförsäkring to include the Bilsport & MC and Atlantica product ranges.

Digital seminars

During the year, Commercial and Corporate in Moderna arranged a number of digital seminars for brokers all around Sweden. They attracted more than 10,000 participants in the course of the year, and levels of engagement were high, both internally and externally.

Financial outlook

In 2020, the outbreak of COVID-19 across the world resulted in a lot of human pain, devastation and uncertainties, and sharply dampened the economic outlook. The Scandinavian economies entered the crisis in a better position than most countries with good growth levels, balanced public finances and low levels of unemployment.

Governments across Scandinavia have, to different extents, introduced schemes to help businesses in these very challenging times. The start of vaccination programmes towards the end of the year is expected to gradually help improve the macroeconomic outlook in 2021. However, due to the enduring uncertainty, the macroeconomic backdrop remains challenging.

The Nordic non-life insurance markets remain relatively stable in terms of top-line growth and product offerings. The Nordic countries are characterised by a high level of non-life insurance penetration – ratios of non-life insurance premiums in % of GDP are some of the highest in the world. This is attributable to the fact that households are generally wealthy and tend to cover their insurance needs relatively well.

Retention levels are very high in the Nordic region compared to nearly everywhere else in the world. This is a key profitability driver as it helps insurers keep their overall expenses low. Retention rates hover around 90% in the Private and Commercial (SMEs) segments, which represent more than 80% of Tryg's total business. A direct distribution model also contributes significantly to the very efficient set-up. At the end of 2020, Tryg reported an expense ratio of 14.1, which is in line with the target of ~14. In comparison, most international insurers report expense ratios between 25 and 30.

Tryg's reserves position remains strong. On the CMD in November 2017, it was disclosed that run-off gains were expected to be between 3% and 5% in 2020. Tryg's systematic claims reserving approach still includes a margin of approximately 3% on best estimate.

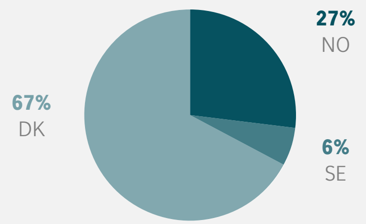
In 2021, weather and large claims both net of reinsurance are expected to total DKK 600m and DKK 550m, respectively, which is unchanged compared to previous years.

The interest rate used to discount Tryg's technical provisions is historically low. An interest rate increase will have a positive effect on Tryg's results. An interest rate increase of 1 percentage point will increase the pre-tax result by around DKK 300m, and vice versa. The calculation includes the lower claims in the P&L from higher discounting, the higher technical interest and the higher return on the bonds in the free portfolio.

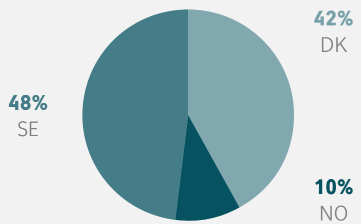
Recommended offer for RSA Insurance Group plc

Establishing the biggest non-life insurer in Scandinavia and becoming #3 insurer across all Scandinavian countries

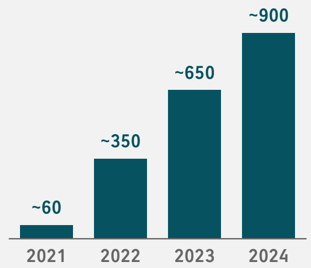
Tryg technical result pre-acquisition, Five-year avg., %[1]



Tryg technical result post-acquisition, Pro-forma, %[2]



Synergies to be realised (DKKm)



Expected deal returns

~7
ROI

EPS
High-teens EPS accretion in 2023

Sweden

~17%
Market share (Pro-forma)

Norway

~16%
Market share (Pro-forma)

Denmark

#1
Remain #1 player

- ✓ Public announcement on 18 November 2020
- ✓ Shareholder vote Tryg on 18 December 2020 RSA on 18 January 2021
- Rights issue (H1 2021)
- Expected deal closing (Q2 2021)
- Separation estimated complete (Q1 2022)

1) Five-year average, 2015-2019
2) Pro-forma technical result based on reported five-year historical average contribution by country for Tryg and Denmark, Sweden, Norway, plus estimated transaction synergies by country

Source: Investor Presentation: Recommended Offer for RSA Insurance Group plc (available on tryg.com)

The investment portfolio is divided into a match portfolio corresponding to the technical provisions, and a free portfolio. The objective is for the return on the match portfolio to be approximately zero as capital gains and losses on the assets side should be mirrored by corresponding developments on the liabilities side. The free portfolio is invested in different asset classes with a view to obtaining the best risk-adjusted return.

The return on bonds in the free portfolio (slightly above 60% of the free portfolio) will vary, but given current interest rate levels, a very low return is expected. For shares, the expected return is around 7% with the MSCI World Index as benchmark, while the expected return for property is around 5%. The investment return in the income statement also includes the cost of managing investments, the cost of currency hedges, interest expenses on subordinated loans and other minor items.

2021 outlook

The three-year strategy period ended in 2020 with Tryg meeting all its financial targets. A new capital markets day was initially scheduled for 29 January 2021 but it has been postponed until the autumn following the recommended cash offer for RSA Insurance Group plc and pending approval by the regulatory authorities. The acquisition is considered transformational as it will create the largest Scandinavian non-life insurer, doubling the pro-forma technical result. Therefore, including the acquired asset in future financial targets is deemed essential for Tryg's next Capital Markets Day.

Tryg has decided to publish a detailed outlook for 2021 together with the publication of the annual report. It is important to note that Tryg will not publish annual financial guidance going forward (i.e. in future annual reports) but will always refer to the financial targets presented at the next Capital Markets Day in autumn 2021 for the next three years ending in 2024.

Tryg stand-alone

Tryg (excluding RSA's assets) expects a technical result of between DKK 3.3bn and 3.7bn in 2021. The range is driven by the natural volatility of large and weather claims and the more challenging macroeconomic outlook (compared to past years), which could impact the top line especially in the Commercial and Corporate segments. The low end of the range would imply a significantly higher level of weather and large claims compared to a normalised guidance of large claims of DKK 550m and weather claims of DKK 600m a year. Run-off gains are expected to be between 3-5%.

Tryg has guided previously for a normalised investment income between DKK 0 and DKK 200m. A newsletter explaining all the moving parts is available on Tryg.com. The assumptions remain valid. Additionally a link on tryg.com provide daily updates on the return of the free portfolio (the capital of the company), adding more visibility to the overall investment income.

Other income and costs in the P&L are expected to be between DKK -150m and DKK -250m. Tryg is booking in this line the depreciation from the Alka acquisition, some holding company costs not related to the insurance portfolio and the income and costs related to selling pension products for Danske Bank.

Impact from RSA's assets

The acquisition of RSA's Norwegian and Swedish businesses and 50% of RSA's Danish business is expected to be approved before the end of Q2. Based on this assumption, RSA's assets are expected to be 'equity-accounted' for in H2 2021. Tryg will book the net profit contribution (for the relevant period) of the acquired assets under 'income from associates' in the investment activities. In the table taken from Codan's SFCR (Solvency & Financial Condition Report), it is possible to see the underwriting result by geographies for the past three years, the investment income (as sum of the three geographies) and the total net profit. It is important to note that the subsidiaries Privatsikring and Holmia are not consolidated in the Group and therefore not included in these figures but they are part of the acquisition perimeter.

Tryg has disclosed total costs of DKK 4.4bn costs related to the RSA transaction. Some of these costs will be booked in the P&L while some will be on the balance sheet. During 2020, the deal-contingent forward hedges (derivate contracts entered to ensure certainty of funds at the time of R.2.7 announcement) was booked with no impact in P&L. During 2021, the cost of DKK1.3bn related to the cost of the contracts will be booked in the P&L if the acquisition is completed. It is important to note that the cost related to the DCF hedge is not tax-deductible. Additionally, DKK 1.6bn pertaining to underwriting fees for the rights issue and to financial and legal advisor costs will all be booked in the balance sheet. Total restructuring costs of DKK 1.5bn will also be booked in the P&L. At the time of writing, it is expected that some DKK 500m will be booked in 2021 and a remaining DKK 1bn in 2022. However, the exact timing remains uncertain as it is dependent from the closing of the transaction and relative integration.

A first draft of the purchase price allocation shows a likely annual intangible assets depreciation (after tax) range between DKK 600m and DKK 800m expected from 2022.

Codan Forsikring A/S performance

DKKm	Denmark	Sweden	Norway	Total
2019				
Net premiums earned	4,413	8,540	1,088	14,041
Underwriting result	-343	2,262	-96	1,823
Investment result				821
Net profit				2,086
2018				
Net premiums earned	4,699	8,414	1,062	14,175
Underwriting result	-28	1,946	-179	1,738
Investment result				36
Net profit				1,232
2017				
Net premiums earned	4,639	8,708	1,347	14,692
Underwriting result	453	1,811	-54	2,209
Investment result				686
Net profit				1,965

Source: Codan's SFCR

Costs related to RSA transaction

DKKbn	P&L	Balance sheet
2021		
Transaction costs (excluding restructuring)	1.3*	1.6*
Restructuring costs	0.5	
2022		
Restructuring costs	1.0	
Total		**4.4**

*Non-tax deductible

Solvency and dividends

Tryg expects to pay dividends of between 2.6 and 3.0bn for FY 2021. Tryg has previously disclosed an expected solvency ratio above 170 at the end of 2021. That expectation remains unchanged.

Total financing overview

- Equity raise fully underwritten by Morgan Stanley and Danske Bank with firm commitment from TryghedsGruppen
- Total financing amount will cover:
  - Price of acquired assets
  - Costs, including restructuring, integration, separation and other transaction costs, of ~DKK 4.4bn pre-tax
  - Separation costs partly relate to de-merger of Trygg-Hansa and Codan Norway out of RSA DK
- Financing is calibrated to maintain strong capitalisation post-closing

Source: Investor Presentation: Recommended Offer for RSA Insurance Group plc, page 25 (available on tryg.com)

Targets and strategy

At the Capital Markets Day in November 2017, Tryg announced a set of financial and non-financial targets for 2020. The financial targets were later updated following the acquisition of Alka. Along with a new strategy, a new purpose was defined.

'As the world changes, we make it easier to be tryg'. This purpose has been the overarching principle guiding the realisation of the targets for 2020. Four strategic initiatives were defined to support the financial and non-financial targets: claims excellence, digital empowerment of customers, product & service innovation and distribution efficiency as well as Alka synergies, all of which are described in detail on page 14-16.

The importance of customer relations

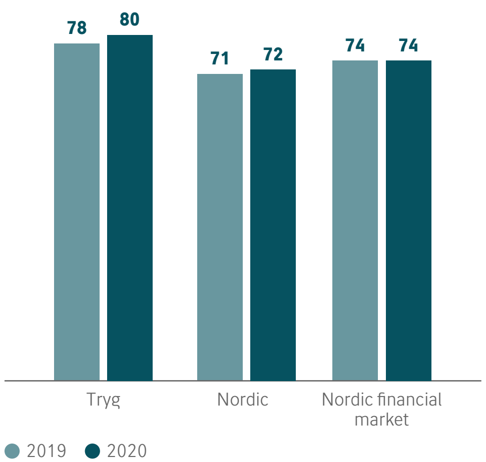
Customer satisfaction is of paramount importance. Tryg continually strives to strengthen customer relations through advisory services, products, concepts, claims handling procedures and claims prevention measures. Satisfied customers improve retention levels, which hover around 90% for Tryg's Private and Commercial customers. Since 2012, customer targets have been an integrated part of the CMD targets, reflecting Tryg's strong focus on customer satisfaction.

Employees are a key resource

Tryg's employees are essential to delivering the overarching purpose of making it easier to be 'tryg' for the customers. All employees are encouraged to understand that they play an integral role in supporting the overall purpose. Therefore, clear and ambitious targets are set for each individual employee – and regular feedback must be provided.

Employee satisfaction

(Index)



Tryg has an employee satisfaction level above the average of the Nordic sector.
Source: Global Employee and Leadership Index

Our purpose

As the world changes, we make it easier to be tryg*

Grasping opportunities to develop rather than just defending our business
- Digitalisation
- New products
- Analytics

Adjusting to customer preferences and needs
- Self-service
- Straight-through processing
- Packaging of products

Increasing customer relevance and share of wallet
- Product innovation
- Prevention
- Add-on services

Tryg's business model
Tryg makes it easier to be 'tryg' for its customers by offering them insurance against risk, efficient claims handling, and advice and services to prevent claims from arising in the first place. By making it easier for our customers to feel protected and cared for, we benefit all of Tryg's stakeholders. Via TryghedsGruppen's 53% ownership of Tryg, part of the company's profit is returned to customers, who are also members of TryghedsGruppen. Tryg's purpose is valid for all stakeholders – our customers, our employees and our shareholders.

*'Tryg' means feeling protected and cared for

Follow-up on 2020 targets

Financial targets

3,495m
Technical result (DKK)
2020 target: 3.3bn

14.1
Expense ratio
2020 target: ~14

84.5
Combined ratio
2020 target: ≤86

Customer targets

72
TNPS
2020 target: 70

3.9
Products per customer
2020 target: 4.0

In 2020, Tryg was very pleased to see a historically high level of employee satisfaction, surpassing the general level of employee satisfaction in the financial sector in the Nordics. Tryg is aiming for the highest level of employee satisfaction in the financial sector in the Nordic region.

Creating value for our shareholders

Tryg's shareholders must see Tryg as a company with a clear focus on profitability and efficiency, which reflects the company's core strategy and its financial targets. Tryg's performance can be measured by its long-term total shareholder return. Tryg aims to pay a nominal, stable and increasing ordinary dividend, while maintaining stable results and a high level of return on capital employed.

Financial targets

In November 2017 at a CMD, Tryg communicated a set of financial targets for 2020. Tryg's main target for 2020 was a technical result of DKK 3.3bn, which has been met with Tryg reporting a technical result of DKK 3,495m for 2020. The financial target of an expense ratio ~14 and a combined ratio at or below 86 were also met. The ROE target at or above 21% was suspended, as communicated in the stock exchange announcement on 27 March 2020, considering the mark-to-market investment losses in Q1 2020. However, following the rebound of the financial markets in the last three quarters of the year, Tryg reported an ROE of 22.5% for the FY, and therefore realised the initial target.

Customer targets

In Tryg, customer satisfaction is of paramount importance, and Tryg has therefore worked intensively to continually improve the customer experience and reaching the customer targets for 2020. This was reflected in an increased focus on customer satisfaction measured through the TNPS score. In 2020, Tryg reached a TNPS level of 72, and the target was therefore met.

There is a strong correlation between customer loyalty and the number of products per customer, and therefore a target of increasing the number of products per customer by 10% was defined. In the strategy period, the number of products per customer was 3.9, an increase of 7%. Tryg's efforts in partnering with car dealerships have resulted in a higher-than-expected amount of one-product customers. As growth in this particular segment has been higher than expected, the 10% increase in products per customer has not been achieved. However, Tryg considers the increase in products per customer as being satisfactory, and the potential for enhancing the coverage for new customers from our car channels will be explored going forward.

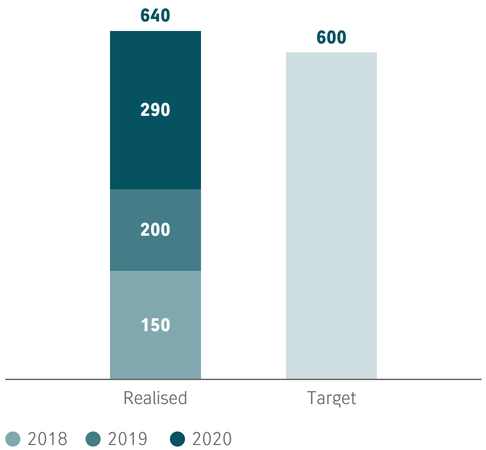
Strategic initiatives

Tryg defined four strategic initiatives to support both its financial targets and customer targets for 2020. KPIs have been defined for each initiative. Furthermore, synergies related to Alka will also be part of the initiatives.

Claims excellence is the most important strategic initiative for improving the technical result. The target was to reduce claims costs by DKK 600m in 2020, and during the three-year period accumulated savings of DKK 640m has been realised.

One of the main initiatives has been to further leverage Tryg's procurement power, and cost savings of more than DKK 350m were realised. Initiatives in the strategy period include the renewal of a contract for windscreen services, a new five-year contract with Recover Nordic (the largest Nordic claims service group) and a claims agreement for electronic products (such as tablets, laptops and mobile phones) in Denmark.

Claims excellence
(DKKm)

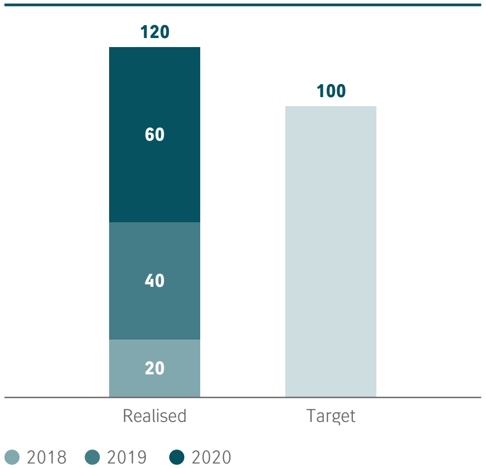


Fraud detection has been another important driver of the claims excellence initiative in the strategy period. Following the successful integration of Alka, a more sophisticated fraud detection methodology has been implemented across Tryg's claims-handling units. Initially, the methodology was implemented in Tryg Denmark in 2019, followed in 2020 by Norway and Sweden. The methodology is based both on automated fraud detection algorithms in the claims-handling systems, and enhanced training of employees. Additional cost savings of DKK 70m compared to 2017 have been realised.

Finally, improving the claims-handling process has also been an important driver to successfully meet the target, with realised accumulated cost savings at DKK 220m in the strategy period. The benefits have been realised through more accurate claims assessments, better recourse management, data and speech analytics and the ongoing implementation of a new claims-handling system in Denmark and Norway. The previously mentioned focus areas all aim at improving the claims process for the customer, providing a far more efficient and relevant experience.

Digital empowerment of customers is another important initiative in Tryg. Digital services, simplification and efficient customer interaction are becoming increasingly important for customers. Customers in general prefer speedy processes, and therefore digital solutions also support Tryg's focus on customer satisfaction. The target for 2020 was 50% straight-through processing (STP) of claims and a self-service level of 70% for all contacts with Tryg. The focus on digital services in Tryg contributed DKK 120m to the financial targets as well as improving customer satisfaction.

Digital empowerment of customers
(DKKm)



In the past three years, Tryg has experienced a general increase in the number of customer contacts. Approximately 5 million logins to the digital universe were registered in 2020, corresponding to a 182% increase compared to 2017. In the same period, phone calls increased approximately 7%. This indicates that many customers acknowledge and use the new digital solutions, but at the same time still value personal contact. Tryg believes that the general increase in customer contact is positive and supports both sales and customer interaction and loyalty.

The increase in log-ins is generated by a number of new digital self-service solutions such as digital invoicing, online insurance check-ups and various ways for customers to order and change products and register claims. The self-service target at 70% has been exceeded with the level of 72%, this has been achieved despite a surge of phone calls related to the COVID-19 outbreak in the first part of the year.

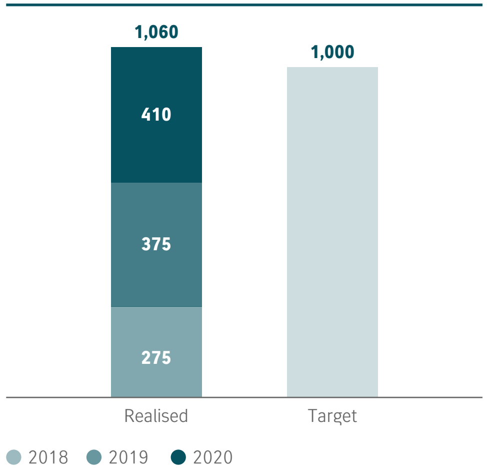
In the strategy period, the level of STP of claims increased due to the use of robotic automation processes (RPAs) in the claims-handling process, and due to the implementation of the new claims-handling system. Even though the STP target was challenged by the high number of phoned-in COVID-19-related claims, the new claims-handling system handled many of the simple travel claims, and the total STP level of 51% therefore exceeded the target of 50% STP. In the coming years, the new claims-handling system is expected to further boost STP levels in both Denmark and Norway.

Product & service innovation is important for Tryg to remain relevant to customers in the future. The target was to increase premiums by DKK 1,000m from new products and services by 2020+. In the strategy period, premiums from new products and services increased by DKK 1,060m, meeting the target.

A key initiative is innovation of new products and services such as cyber insurance, pregnancy insurance (in Sweden) offering access to specialist care after giving birth, and Senior Care (in Denmark) offering additional care for elderly people. Premiums from new products in the strategy period totalled DKK 640m.

Bundling of products has been another important focus for Tryg in order to reach the 2020+ target. The aim of bundling products has been to make insurance products more accessible for our customers by removing complexity. Based on Private's positive experience with, e.g., Health and Child insurance during the strategy period, the Commercial business also began to bundle products. Bundled products generated premiums of DKK 340m in the strategy period.

Product & service innovation
(DKKm)



Prevention is key for the well-being of customers and a key element in Tryg's purpose. Products such as Tryg Drive/Side Kick, a digital device that rewards good driving behavior, Tryg Alarm, and a rat blocker to prevent rats from entering drains following a few mild winters, are all part of Tryg's prevention strategy.

Finally, entering new markets and increasing the profitable credit and surety business, Tryg Garanti, has also been an important initiative for realising Tryg's 2020 targets. In 2019, Tryg Garanti expanded to Germany, Austria and the Netherlands, and further expansion is considered.

Increasing distribution efficiency is a strategic priority for Tryg. The target has been to improve distribution with an impact of DKK 150m in 2020. The initiative has generated a total impact of approximately DKK 175m, exceeding the target.

The improvement has primarily been driven by improving the distribution channel mix in the Private and Commercial businesses. The optimisation has supported an improvement in the customer experience and lowered the cost of sales in the strategy period. An important element in the optimisation of the channel mix has been the introduction of independent sales agents during the strategy period in Private Denmark and Commercial Denmark, inspired by the franchise channel in Norway, selling exclusively on behalf of Tryg.

Finally, an important component for improving distribution efficiency involves partner agreements. In Norway, the partner agreement with NITO has generated very good leads, increased sales and retention levels. The agreement with Danske Bank also got off to a good start in 2019, generating good leads and sales both for Private and Commercial customers in Denmark and Norway. Finally, Tryg's Norwegian branch, Enter Forsikring, has in the strategy period launched 'Enter Proff', selling car insurance to commercial customers.

Alka synergies

In connection with the acquisition of Alka, Tryg communicated a guidance of DKK 300m of synergies which are expected to be achieved in 2021. At the same time, Tryg announced synergies targets of DKK 75m in 2019, DKK 150m in 2020 and DKK 300m in 2021. Synergies of DKK 90m were realised in 2019 (DKK 75m target). In 2020, Tryg realised synergies of DKK 176m (DKK 150m target) demonstrating that it is slightly ahead of the plan for delivering synergies. Approximately half of the achieved synergies relate to costs, while the inclusion of the Alka business in Tryg's extensive procurement network has also been an important driver.

In Q4, Tryg realised synergies of DKK 46m, comprising DKK 19m from claims, DKK 16m from costs and DKK 11m from revenue.

Corporate Responsibility

Corporate Responsibility (CR) is an integrated part of Tryg's core business and is closely linked to the purpose 'as the world changes, we make it easier to be tryg'. Tryg focuses on activities related to human and labour rights, climate and the environment as well as anti-corruption, and is actively working to integrate CR into insurance, claims-handling and prevention activities. CR plays a role in Tryg's decision making, risk mitigation, the improvement and development of Tryg's products and services, the optimisation of the operations and business partners, employee development, and the contributions made to the societies which Tryg/Moderna is a part of.

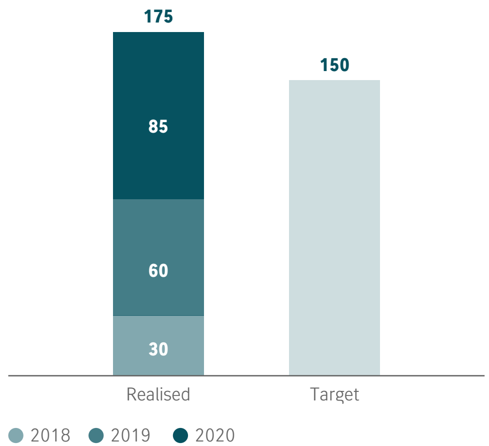
Strategy 2021

In 2021, Tryg will continue to build on the strong foundation within customer and sales excellence that has been established during the past three years. This will entail the enhancement of some of the strategic focus areas from the 2020 strategy, as well as additions to these. Furthermore, in 2021 there will be a strong focus on the B2B segment, and initiatives will be introduced aimed at growing the Commercial segment, and at increasing profitability in the Corporate segment. As regards the acquisition of Trygg-Hansa in Sweden and Codan in Norway, planning the integration is a priority in order to ensure that Tryg will be on track with ambitious synergy targets as soon as the transaction closes.

Tryg expects to present CMD targets based on the new strategy in autumn 2021 following the closing of the acquisition.

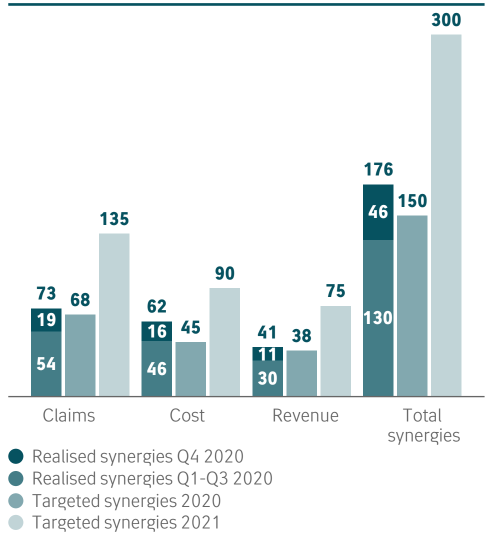
Distribution efficiency

(DKKm)



Alka synergies

(DKKm)



Tryg's results

Premium growth of 7.0% in local currencies was primarily driven by strong growth in the Private and Commercial segments. Technical result of DKK 3,495m (DKK 3,237m) was impacted positively by the underlying claims development, delivery of the Alka synergies, and lower-than-normal large and weather claims, which offset a negative currency development and a further drop in interest rates. Investment income of DKK 311m characterised by volatility in all quarters driven by the COVID-19 outbreak and following capital market turbulence. Pre-tax profit of DKK 3,541m. Quarterly dividend of 1.75 per share, supporting Trygheds-Gruppen's member bonus. Solvency ratio of 183.

Results 2020

Premium growth was 7.0%, driven primarily by strong growth in the Private and Commercial segments. The Private segment was up 9.0%, while the Commercial segment was up 6.0%. Corporate reported a virtually flat top-line development. Tryg reported a technical result of DKK 3,495m (DKK 3,237m) impacted positively by the underlying claims development, delivery of the Alka synergies, lower-than-normal large and weather claims and lower claims frequencies driven by the COVID-19 outbreak. The technical result was impacted negatively by currency developments and by even lower levels of interest rates. The gross impact of the COVID-19 outbreak on the technical result was close to nil, while the net impact was DKK 141m due to reinsurance cover of travel insurance. Tryg reported a combined ratio of 84.5 (85.1), driven by a claims ratio of 70.3 (70.9) and an expense ratio of 14.1 (14.2).

The **Private segment** reported an increased technical result, driven by the positive top-line development, an improved underlying claims ratio and lower claims frequencies in selected lines of business following the outbreak of COVID-19. The **Commercial segment** reported an increased technical result driven by the positive top-line development, an improved underlying claims ratio, lower claims frequencies in selected lines of business following the outbreak of COVID-19 and tight cost control reducing the expense ratio. The **Corporate segment** reported a stable technical result, virtually flat top-line development as price increases (across all geographies) offset the loss of some customers. The underlying claims ratio is moving in the right direction but more efforts are needed to produce long-term sustainable returns. Further profitability actions have been put in place in 2021. **Private Sweden** reported a somewhat higher technical result, top-line development was positive, and a modest improvement in the underlying claims ratio was recorded.

Synergies from the Alka transaction amounted to DKK 176m in 2020 with DKK 73m from claims, DKK 62m from costs and DKK 41m from revenue synergies. Targeted synergies for 2020 were DKK 150m.

The investment result was DKK 311m (DKK 579m), characterised by high volatility between quarters. The COVID-19 outbreak caused wide-spread selling in capital markets in March, which was followed by a robust recovery in the following quarters. The macroeconomic picture looked very bleak in March/April, improved slightly afterwards, and the start of COVID-19 vaccination programmes towards the end of 2020 and beginning of 2021 is renewing hopes of stabilisation of the world economy. Equities closed the year up 13.5%, while corporate bonds also saw strong returns. In general, all asset classes in the free portfolio contributed positively to the strong performance.

Other income and expenses were DKK -265m (DKK -188m), the increase on 2019 being explained by a VAT refund in the last quarter of 2019, by lower income from the pensions products.

Financial highlights 2020

3,495m
Technical result (DKK)
2019: 3,237m

3,541m
Profit before tax
2019: 3,628m

70.3
Claims ratio, net of reinsurance
2019: 70.9

14.1
Gross expense ratio
2019: 14.2

84.5
Combined ratio
2019: 85.1

The pre-tax result was DKK 3,541m (DKK 3,628m), while the net profit was DKK 2,773m (DKK 2,843m), resulting in an ROE of 22.5% (24.6%).

In 2020, Danish customers received the fifth member bonus from TryghedsGruppen (Tryg's 53% majority shareholder). The 8% bonus is appreciated by customers and seen as an important competitive advantage, boosting customer loyalty and supporting customer targets.

Premiums

Premium income totalled DKK 22,653m (DKK 21,741m), representing growth in 2020 in local currencies of 7.0%.

The **Private segment** posted strong growth of 9.0% (7.8% in 2019 excluding Alka) with positive impact from both Denmark and Norway. In Denmark, Tryg continued to see strong sales through partner agreements such as FDM and Danske Bank, and at the same time upselling to existing customers of new products supported the growth. In Norway, strong growth was driven by partner agreements with NITO and OBOS, but also by very strong sales from the car sales channel (Enter).

The **Commercial segment** posted growth of 6.0% in 2020 (8.3% in 2019 impacted by Alka), supported by an increase in the number of customers in Denmark, helped by continued strong sales by Tryg's independent sales agents and improved sales from the broker sales channel. In Norway, growth primarily related to price adjustments to improve profitability, which were generally accepted by customers.

The **Corporate segment** posted modest growth of 1.4% (2.0%) with a loss of premium income in Norway as a result of significant price adjustments for the third year in a row, while in Denmark and Sweden some growth was observed, primarily driven by price hikes, which did not impact churn much as they were the first significant price adjustments for many years.

The segment **Sweden** posted growth of 4.9% (6.1%), helped by price adjustments, especially for motor to improve profitability, but also by strong sales in the boat sales channel Atlantica, helped by many people holidaying in Sweden (as opposed to travelling abroad) through the COVID-19 period.

Claims

The claims ratio, net of ceded business, was 70.3 (70.9), while the underlying claims ratio saw an improvement of 0.6 percentage points for the Group and 0.2 percentage points for the Private segment, driven by price adjustments and 'claims excellence' initiatives. It is worth remembering that 'new' business is normally less profitable than 'old' business, due to structurally higher claims frequencies of approximately 3% and higher distribution costs. The underlying claims ratio for Private is currently impacted by the initial adverse effect on profitability of the robust growth. However, in the longer term the initial drag will be offset by higher profitability. At the same time, profitability initiatives in the Corporate segment should also help sustain the improvement in the underlying claims development. The underlying claims ratio is therefore expected to improve in 2021.

Claims inflation is monitored constantly using internal and external parameters in all lines of business. Motor insurance and property insurances accounts for almost 70% of total premiums and a similar share of the technical result, and claims patterns are therefore carefully scrutinised. New trends such as sales of electric cars and general developments in property markets are followed closely to anticipate pockets of claims inflation and try to adjust prices accordingly.

In 2020, large claims totalled DKK 500m (DKK 455m), while weather claims totalled DKK 368m (DKK 416m). In Q4, weather claims were impacted by a landslide in Norway on 30 December with an impact of approximate DKK 100m for Tryg. Levels of large and weather claims were below normalised expectations of DKK 550m and DKK 600m a year. The overall run-off result was DKK 1,145m (DKK 1,194m) or 5.1% (5.5%) on the combined ratio. The run-off result was driven mainly by run-off gains in the long-tail segments.

COVID-19 outbreak had a significant negative impact in the first quarter of 2020 due to high gross losses on travel insurance somewhat mitigated by lower claims frequencies in lines such as motor, property and accident resulting in a total negative gross impact of DKK -180m or DKK -40m after reinsurance. In the following quarters, a positive impact was recorded due to lower activity in the society leading to lower claims frequency primarily mentioned lines of business. The total impact from COVID-19 for FY 2020 was DKK 39m on a gross basis (before reinsurance) and DKK 179m on a net basis (after reinsurance).

Customer targets

DKKm	Q4 2020	Q4 2019	Target 2020
Transactional Net Promoter Score (TNPS)	72	68	70
Number of products per customer	3.9	3.8	4 (+10%)

Expenses

The expense ratio was 14.1 (14.2). At the CMD in 2017, Tryg announced an expense ratio target of around 14 in 2020. A number of initiatives to lower distribution costs are being implemented, and some of the savings from these initiatives are being invested in new digital solutions. The expense ratio was impacted by satifactory growth in the Private segment, especially in Norway, where commissions are paid upfront in many distribution channels. This higher level was also supported by distribution initiatives, for example the implementation and increased use of more efficient independent sales channels, especially in Denmark in both Private and Commercial. The expenses were negatively impacted by DKK 38m related to COVID-19 initiatives such as IT and increased cleaning and disinfection of offices.

Investment activities

The investment return totalled DKK 311m (DKK 579m), with capital market developments being very volatile in 2020. During March, following the outbreak of COVID-19, an extreme sell-off in virtually all assets classes was recorded, with equities dropping an unprecedented 25-30% in just a few weeks. A recovery gradually built up in Q2 and continued gathering strength, with a very robust performance in the last quarter of the year. All asset classes in the free portfolio produced good returns for the full year with equities (up 13.5%) and corporate bonds (returning 6%)

leading the way. The start of COVID-19 vaccination programmes towards the end of 2020 is also helping the outlook, together with a clear outcome of the US presidential elections. The match portfolio also experienced a volatile pattern during the year, with a loss in Q1 followed by a recovery in the following quarters. Other financial income and expenses totalled DKK -255m (DKK -236m).

Oher income and costs

Other income and costs were DKK -265m (DKK -188m). Approximately half of 'other income and costs' is represented by the amortisation of customer relations stemming from the Alka acquisition. Additionally, bancassurance fees and some other minor items are also booked in this line.

Tax

Tryg paid a total tax bill of DKK 768m (DKK 783m) or 21.7% of profit before tax

Capital position

The solvency ratio (based on Tryg's partial internal model) was 183 at year-end. Back in March, Tryg moved the dividend decision to year-end as opposed to quarterly in 2020 due to considerable capital market volatility and heightened regulatory pressure on the financial sector in general. However, as the business model proved sufficiently robust, this decision was revisited, and in November dividend for the first nine months of 2020 was paid. Tryg will pay a Q4 dividend of DKK 1.75 per share on 29 January 2021 in connection with the publication of the FY 2020 results. The Q4 dividend is proportionate to the dividend for the first nine month paid in November, and also in line with the policy of paying a stable quarterly dividend.

Own funds totalled DKK 8,884m (DKK 8,119m) at the end of 2020. Own funds were primarily positively impacted by the net profit, and negatively impacted by the ordinary dividend.

Tryg's own funds mainly consist of shareholders' equity, intangibles (fully deducted), Tier 2 instruments (subordinated debt and the Norwegian natural perils pool), Tier 1 instruments and future profits. Most of Tryg's own funds consist of shareholders' equity. Tier 2 capacity has been fully utilised, while Tier 2 bonds in the amount of DKK 147m are currently not included in own funds, as they exceed the 50% solvency capital requirement (SCR). Tier 1 capacity has also been almost fully utilised, with DKK 261m remaining at year-end 2020.

Tryg's solvency ratio displays low sensitivity to capital market movements. The area with the highest level of sensitivity is spread risk, where a widening/tightening of 100 basis points would impact the solvency ratio by approximately 20 percentage points. Sensitivities towards falling equity market and interest rate movements are low.

Tryg calculates its SCR based on a partial internal model in accordance with the Danish Financial Supervisory Authority's Executive Order on Solvency and Operating Plans for Insurance Companies. The model is based on the structure of the standard model. Tryg uses an internal model to assess insurance risks, while other risks are calculated using standard model components. Tryg's SCR, calculated using the partial internal model, was DKK 4,855m at the end of 2020 compared to DKK 5,021m at the end of 2019. The lower SCR in 2020 has primarily been driven by the FSA approval of the company's revised partial internal model in April

2020, which reduced the SCR by approximately DKK 400m. The reduction in the SCR was driven by the inclusion of Sweden in the model, thereby increasing the diversification benefit, while some marginally lower capital charges for the non-life risks were also included as part of a general review and update of the model. Based on the standard formula, Tryg's SCR was DKK 6,608m compared to DKK 6,293m at the end of 2019.

Dividend policy

Tryg's dividend policy targets a nominal, stable increase in dividend payments on a full-year basis. A total dividend of DKK 7.00 per share will be paid out for 2020 (DKK 6.80 in 2019). After the significant negative impact of COVID-19 in Q1 2020, Tryg announced an annual dividend decision instead of quarterly dividend payment. However, despite challenging times, Tryg's business model proved very resilient, and it was decided to pay out a dividend of DKK 5.25 per share for the first three quarters of 2020. Tryg will pay a Q4 dividend per share of 1.75. The full-year dividend will amount to DKK 2,115m, or 76% of the profit for the year.

Results Q4 2020

The technical result was DKK 780m (DKK 762m), driven by a positive development in the underlying claims ratio, the delivery of Alka synergies and lower claims frequencies driven by COVID-19. These have broadly offset a significantly higher level of large and weather claims in Q4 2020 compared to Q4 2019. Investment income was DKK 513m (DKK 198m), primarily driven by very robust equity markets, but also by strong returns from corporate bonds. In general, all assets classes in the free portfolio posted good returns.

The claims ratio (net) was 72.3, the expense ratio was 14.0, and the combined ratio was 86.3. The underlying claims ratio improved 0.6 percentage points for the Group and 0.2 percentage points for Private. The pre-tax result was DKK 1,223m, and the after-tax result was DKK 1,038m. Tryg pays a quarterly dividend of DKK 1.75 per share (DKK 529m) and reports a solvency ratio of 183.

Premiums

Premium growth was 7.4%, driven by positive organic growth, higher retention levels and satisfactory sale of new products. Premium growth mostly stemmed from the Private segment, especially in Norway, but the Commercial business also experienced a positive development. Corporate reported a broadly flat top-line development, with price increases being pushed through across all geographies to improve profitability.

Claims

The claims ratio (net) was 72.3. Large claims of DKK 201m (DKK 98m) were higher than last year and higher compared to a normal quarter (DKK 137m), while weather claims of DKK 148m (DKK 94m) were also higher than last year, but below a normal Q4, which ordinarily would be characterised by relatively harsh Scandinavian weather conditions. The run-off result was DKK 314m (DKK 256m). The underlying claims ratio improved 0.6 percentage points for the Group and 0.2 percentage points for the Private segment. In the last quarter of the year, further restrictions were introduced due to a new outbreak of COVID-19, which has resulted in lower economic activity, impacting claims frequencies in selected lines of business. The overall impact has been quantified to DKK 52m. In Q4, weather claims were impacted by a landslide in Norway on 30 December with an impact of approximate DKK 100m for Tryg.

Expenses

The reported expense ratio was 14.0 (14.6). Various initiatives aimed at lowering distribution costs are being implemented, and some of the savings from these initiatives are being invested in new digital solutions and partnerships. By reporting an expense ratio of 14,1 for FY 2020, Tryg delivers its FY 2020 expense ratio target.

Investments

The investment return totalled DKK 513m (DKK 198m) for Q4 2020, driven by a return of DKK 513m (DKK 226m) on the free portfolio, a return of DKK 17m (DKK 19m) on the match portfolio, and other financial income and expenses of DKK -17m (DKK -47m). The primary driver of the strong investment return in Q4 is the performance of equities, which were up 14% (7.5%), while corporate bonds also generated very good returns.

Other income and costs

Other income and costs totalled DKK -70m (DKK -20m). In Q4 2019, a positive VAT compensation of DKK 45m was booked.

Taxes

Tryg paid taxes of DKK 185m (DKK 234m) in Q4, resulting in a tax rate of 15.1%. The lower-than-normal tax rate is attributable to strong capital markets returns in the quarter as well as expected repayment of losses related to Tryg's Finnish business of just over DKK 50m.

Events after Q4 2020 accounting period

On 18 January 2021, RSA Insurance Group Plc held a general meeting with shareholders set to vote on the GBP 7.2bn takeover by Regent Bidco (consortium between Tryg and Intact). RSA shareholders voted in favour of the special resolution relating to the acquisition proposed at the general meeting.

Q4 Financial highlights 2020

780m
Technical result (DKK)
2019: 762m

1,223m
Profit before tax
2019: 940m

72.3
Claims ratio, net of reinsurance
2019: 71.5

14.0
Gross expense ratio
2019: 14.6

86.3
Combined ratio
2019: 86.1

Private

Private sells insurance products to private individuals in Denmark and Norway. Sales are effected via call centres, the internet, Tryg's own agents, Alka (Denmark), franchisees (Norway), interest organisations, car dealers, estate agents and Danske Bank branches.

Results 2020

The technical result for 2020 was DKK 2,045m (DKK 1,951m), with a combined ratio of 83.9 (83.7). The result was attributable to a combination of higher premium growth in both Denmark and Norway and slightly improved underlying claims ratio development and net positive impact from COVID-19.

Premiums

Gross premium income was up 9.0% (7.8% in 2019 excluding Alka) in local currencies, which was attributable to growth in both Denmark and Norway. The growth was mainly driven by continued high retention levels in the Danish and Norwegian Private segments, strong developments in partner agreements and cross-selling to existing customers primarily in Denmark. The partner agreements driving growth in Norway were primarily OBOS, Norwegian Society of Engineers and Technologists (NITO) and a car sales channel (Enter). Growth was achieved through the development of innovative solutions and products tailored especially to the members of the various partner organisations.

The retention rate in Denmark decreased from 91.6 to 90.1 due to the termination of the Nordea agreement, which naturally led to a higher churn level. Excluding Nordea churn, the retention rate was 91.3. The higher level of churn was more than mitigated by new sales from the Danske Bank agreement. The sales to Danske Bank customers do not impact the retention rate as they are new sales, and will only impact the rentetion rate in the second year and onwards. In Norway, the retention rate increased from 87.1 to an all-time high of 88.4.

Claims

The gross claims ratio totalled 69.7 (68.1), while the claims ratio, net of ceded business was 70.3 (70.0). The underlying claims level improved by 0.2 percentage points, which was attributable to the claims excellence programme and price adjustments aimed at mitigating increased claims inflation. The underlying claims ratio improvement was somewhat lower than last year due to the high organic premium growth and the fact that new customers have an approximately 3% higher claims frequency than existing customers. Weather claims were on par with 2019 levels and primarily related to Norway. COVID-19 had a limited positive impact of 1.0%, with travel insurance impacting negatively and motor, content and accident insurance impacting positively. In Q4, weather claims were impacted by a landslide in Norway on 30 December with an impact of approximate DKK 60m for Tryg.

Key figures – Private

DKKm	Q4 2020	Q4 2019	2020	2019
Gross premium income	**3,245**	**3,059**	**12,743**	**12,021**
Gross claims	-2,209	-2,075	-8,883	-8,185
Gross expenses	-414	-411	-1,727	-1,650
Profit/loss on gross business	622	572	2,133	2,185
Profit/loss on ceded business	-80	-77	-76	-231
Insurance technical interest, net of reinsurance	-4	-1	-12	-3
Technical result	**537**	**494**	**2,045**	**1,951**
Run-off gains/losses, net of reinsurance	12	33	120	238
Key ratios				
Premium growth in local currencies	9.0	16.2	9.0	28.0
Gross claims ratio	68.1	67.9	69.7	68.1
Net reinsurance ratio	2.5	2.5	0.6	1.9
Claims ratio, net of ceded business	70.5	70.4	70.3	70.0
Gross expense ratio	12.8	13.4	13.6	13.7
Combined ratio	**83.3**	**83.8**	**83.9**	**83.7**
Combined ratio exclusive of run-off	83.7	84.9	84.8	85.7
Run-off, net of reinsurance (%)	-0.4	-1.1	-0.9	-2.0
Large claims, net of reinsurance (%)	0.0	0.0	0.2	0.1
Weather claims, net of reinsurance (%)	3.1	2.4	2.1	2.0

56% The business area accounts for 56% of the Group's total premium income.

Financial highlights 2020

2,045m
Technical result (DKK)
2019: 1,951m

83.9
Combined ratio
2019: 83.7

9.0%
Premium growth (local currencies)
2019: 7.8% excluding Alka

13.6
Expense ratio
2019:13.7

Expenses

The expense ratio for Private was 13.6 (13.7), which was in line with the previous year. The expenses were impacted by commissions due to high premium growth that were mitigated through initiatives to reduce distribution costs. A key initiative was an increase in the number of very efficient private sales agents and generally increased efficiency for the sales channels. Total employee numbers increased from 1,317 at the end of 2019 to 1,344 in 2020, reflecting a continued focus on efficiency, but also an increase especially in distribution.

Results Q4 2020

The technical result totalled DKK 537m (DKK 494m), with a combined ratio of 83.3 (83.8). The higher technical result was due primarily to a higher level of premium income and positive impacts from COVID-19. The underlying claims ratio improved by 0.2 percentage points in line with developments in the previous quarters.

Premiums

Gross premiums increased by 9.0% (16.2% in Q4 2019 including Alka, and 7.6% excluding Alka). In Q4, Tryg reported continued high growth levels in Denmark and Norway for the reasons as described for the full-year development. The retention rate in Denmark decreased from 91.6 to 90.1 due to churn from the Nordea agreement, which was more than off-set by sales to Danske Bank customers. In Norway, the retention rate increased from 87.1 to 88.4.

Claims

The gross claims ratio was 68.1 (67.9), and the claims ratio, net of ceded business, was 70.5 (70.4). The underlying claims ratio improved by 0.2 percentage points and was positively impacted by the claims excellence programme and Alka synergies, but also a slightly negative impact from the high growth due to higher claims frequencies for new customers. In Q4, weather claims were impacted by a landslide in Norway on 30 December with an impact of approximate DKK 60m.

Expenses

The expense ratio was 12.8 (13.4), somewhat lower than Q4 prior year period, impacted by high commissions due to high level of sales and improved distribution efficiency in general.

Q4 Financial highlights 2020

537m	83.3	70.5	12.8
Technical result (DKK)	**Combined ratio**	**Claims ratio,** net of ceded business	**Expense ratio**
2019: 494m	2019: 83.8	2019: 70.4	2019:13.4

Commercial

Commercial sells insurance products to small and medium-sized businesses in Denmark and Norway. Sales are effected via Tryg's own sales force, brokers, Alka (Denmark), franchisees (Norway), customer centres as well as group agreements.

Results 2020

The technical result for 2020 was DKK 735m (DKK 566m), with a combined ratio of 83.3 (86.8). The combined ratio was positively affected by an improved underlying claims ratio, a lower level of large and weather claims and lower frequency for some lines of business because of COVID-19. The development in premiums improved significantly in both Denmark and Norway, driven by improved sales levels in Denmark and price adjustments in Norway to improve profitability.

Premiums

The development in gross premium income was a positive 6.0% (8.3% in 2019, impacted by Alka) in local currencies with an improvement in both the Danish and Norwegian Commercial business areas. Commercial Denmark reported a positive development in customer numbers, driven by both own sales agents and improved sales from the broker sales channel. Commercial Denmark has a strong focus on rebalancing its portfolio with a higher proportion of small commercial customers and a lower proportion of large commercial customers as this supports the focus on profitability. In Norway, premium development was positively impacted by price adjustments, particularly for large commercial customers, which were widely accepted by the customers.

The retention rate for Commercial Denmark was unchanged at 88.6 compared to the prior-year period, while in Norway the retention rate increased from 89.0 to 89.2. The positive developments in Denmark and Norway are attributable to a strong customer focus, while the customer bonus model also supported the development in Denmark.

Claims

The gross claims ratio was 62.9 (67.1), with a claims ratio, net of ceded business of 66.2 (69.3). The lower claims level was helped by an improvement in the underlying clams ratio, a lower level of large and weather claims and a positive impact from COVID-19 due to lower claims frequencies for business lines such as motor, accident and workers' compensation. In Q4, weather claims were impacted by a landslide in Norway on 30 December with an impact of approximate DKK 20m for Tryg.

Key figures – Commercial

DKKm	Q4 2020	Q4 2019	2020	2019
Gross premium income	**1,132**	**1,079**	**4,430**	**4,274**
Gross claims	-735	-746	-2,786	-2,867
Gross expenses	-206	-188	-758	-749
Profit/loss on gross business	191	145	886	658
Profit/loss on ceded business	-37	-41	-147	-94
Insurance technical interest, net of reinsurance	-2	1	-5	1
Technical result	**153**	**105**	**735**	**566**
Run-off gains/losses, net of reinsurance	134	36	336	310
Key ratios				
Premium growth in local currencies	7.2	4.8	6.0	8.3
Gross claims ratio	64.9	69.1	62.9	67.1
Net reinsurance ratio	3.3	3.8	3.3	2.2
Claims ratio, net of ceded business	68.2	72.8	66.2	69.3
Gross expense ratio	18.2	17.4	17.1	17.5
Combined ratio	**86.4**	**90.3**	**83.3**	**86.8**
Combined ratio exclusive of run-off	98.2	93.6	90.9	94.0
Run-off, net of reinsurance (%)	-11.9	-3.3	-7.6	-7.2
Large claims, net of reinsurance (%)	4.9	0.3	2.0	3.3
Weather claims, net of reinsurance (%)	3.2	1.0	1.8	2.2

20% **The business area accounts for 20% of the Group's total premium income.**

Financial highlights 2020

735m
Technical result
(DKK)
2019: 566m

83.3
Combined ratio
2019: 86.8

6.0%
Premium growth
(local currencies)
2019: 8.3%
impacted by Alka

17.1
Expense ratio
2019:17.5

Expenses
The expense ratio for Commercial was 17.1 (17.5). The lower level was helped by improved distribution efficiency, especially in Denmark through the use of independent sales agents with much lower costs per sale. In Norway, the improved retention rate and high acceptance of price adjustments supported a positive development in the expense ratio. Total employee numbers were up from 495 at the end of 2019 to 538 in 2020.

Results Q4 2020
The technical result was DKK 153m (DKK 105m), with a combined ratio of 86.4 (90.3). The result was negatively affected by a substantial increase in the level of large claims, but also positively impacted by a much higher level of run-off. Premium growth increased by 7.2% (4.8%).

Premiums
Gross premiums increased by 7.2% (4.8%) in local currencies, primarily due to increased customer numbers in Denmark and price adjustments in Norway. The retention rate in Denmark was stable at 88.6 (88.6), while the retention rate in Norway increased significantly to 89.2 (89.0) due to a strong focus on customer loyalty.

Claims
The gross claims ratio was 64.9 (69.1), with a claims ratio, net of ceded business, of 68.2 (72.8). The claims ratio was impacted by a higher level of large claims mainly related to fires and also a substantially higher level of run-offs compared to prior-year period. In Q4, weather claims were impacted by a landslide in Norway on 30 December with an impact of approximate DKK 20m for Tryg.

Expenses
The expense ratio was somewhat higher at 18.2 (17.4), which did not represent a trend but reflected volatile expense pattern.

Q4 Financial highlights 2020

153m	86.4	68.2	18.2
Technical result (DKK)	**Combined ratio**	**Claims ratio**, net of ceded business	**Expense ratio**
2019: 105m	2019: 90.3	2019: 72.8	2019: 17.4

Corporate

Corporate sells insurance products to corporate customers under the brands 'Tryg' in Denmark and Norway, 'Moderna' in Sweden and 'Tryg Garanti'. Sales are effected both via Tryg's own sales force and via insurance brokers. Moreover, customers with international insurance needs are served by Corporate through its cooperation with the AXA Group.

Results 2020

The technical result was DKK 464m (DKK 496m), with a combined ratio of 88.0 (87.6). The result was positively affected by an underlying improvement, a slightly higher level of large claims and a slightly higher run-off level. Premiums were up 1.4% (2.0%), impacted by price hikes in Norway, Denmark and Sweden to improve profitability, and a high retention level in Denmark, driven by the member bonus model. Even though the underlying profitability is increasing, Tryg will still have to improve profitability in all countries and will therefore continue to implement profitability actions in all countries in 2021, which might reduce premium income, depending on market conditions.

Premiums

Gross premium income was up 1.4% (2.0%) in local currencies. An increase of around 3.6% was seen in Denmark, impacted by price adjustments of approximately 10% and continued positive developments for the credit and surety business (Tryg Garanti) and a high retention level. In Corporate Norway, premiums decreased by 3.6%, primarily due to price hikes of approximately 14% (excluding fronting and captive agreements). In Sweden, which accounts for only 20% of the total Corporate business, premium growth was 5.1% and was also impacted by profitability initiatives of approximately 8% resulting in a loss of customers.

Claims

The gross claims ratio totalled 69.5 (70.8), and the claims ratio, net of ceded business, was 76.6 (77.2). The claims ratio was impacted by price initiatives improving the underlying claims ratio in all countries, a higher level of large claims and a larger level of run-off gains. The claims ratio was slightly negatively impacted by COVID-19 with some positive impact for certain lines of business, e.g. travel insurance and workers' compensation. The claims ratio was also impacted by a few claims in Tryg Garanti related to COVID-19. As mentioned, Tryg will continue to focus on improving profitability in all countries as profitability remains challenging in the Corporate segment, considering a combined ratio of 109.1 excluding run-offs. Tryg plans further important

Key figures – Corporate

DKKm	Q4 2020	Q4 2019	2020	2019
Gross premium income	**973**	**987**	**3,876**	**3,979**
Gross claims	-778	-850	-2,692	-2,816
Gross expenses	-132	-120	-440	-415
Profit/loss on gross business	64	17	743	748
Profit/loss on ceded business	-69	56	-277	-255
Insurance technical interest, net of reinsurance	-1	0	-2	2
Technical result	**-6**	**73**	**464**	**496**
Run-off gains/losses, net of reinsurance	84	81	448	407
Key ratios				
Premium growth in local currencies	2.0	1.1	1.4	2.0
Gross claims ratio	79.9	86.1	69.5	70.8
Net reinsurance ratio	7.1	-5.7	7.1	6.4
Claims ratio, net of ceded business	87.0	80.4	76.6	77.2
Gross expense ratio	13.5	12.1	11.4	10.4
Combined ratio	**100.5**	**92.6**	**88.0**	**87.6**
Combined ratio exclusive of run-off	109.1	100.7	99.5	97.8
Run-off, net of reinsurance (%)	-8.6	-8.2	-11.6	-10.2
Large claims, net of reinsurance (%)	15.0	9.6	10.0	7.7
Weather claims, net of reinsurance (%)	1.2	0.9	0.6	1.8

17% The business area accounts for 17% of the Group's total premium income.

Financial highlights 2020

464m
Technical result (DKK)
2019: 496m

88.0
Combined ratio
2019: 87.6

1.4%
Premium growth (local currencies)
2019: 2.0%

11.4
Expense ratio
2019: 10.4

profitability initiatives to be implemented in 2021. In Q4, weather claims were impacted by a lanslide in Norway on 30 December with an impact of approximate DKK 15m for Tryg.

Expenses
The expense ratio for Corporate was 11.4 (10.4) and was quite stable throughout the year. The low expense ratio is driven by high average premiums in the Corporate segment, leading to relatively low administration costs in per cent of premiums, and by the fact that brokers are paid by customers. Employee numbers were almost unchanged from 290 at the end of 2019 to 291 in 2020.

Results Q4 2020
The technical result was DKK -6m (DKK 73m), with a combined ratio of 100.5 (92.6). The results were positively impacted by an improved underlying claims ratio, but negatively impacted by a higher level of large and weather claims, a slightly lower level of run-off and a negative net impact from COVID-19 claims due to a single claim in Tryg Garanti. Premium growth was a slightly positive 2.0% (1.1%) and was impacted by price adjustments and growth in Tryg Garanti.

Premiums
Gross premiums were up 2.0% (1.1%) in local currencies due to a combination of price adjustments and churn because of these initiatives. Tryg continues to see a positive premium development in Tryg Garanti, primarily because of the expansion in Germany, Austria and the Netherlands.

Claims
The gross claims ratio was 79.9 (86.1), and the claims ratio, net of ceded business, was 87.0 (80.4). The higher claims ratio was primarily caused by a higher level of large claims, negative COVID-19 impact and a lower level of run-off. The underlying claims ratio improved based on the above initiatives in Norway, Denmark and Sweden.

Expenses
The expense ratio was 13.5 (12.1) and somewhat higher than Q4 2019 and higher than the full year, which however did not represent a trend but rather reflected volatility in costs.

Q4 Financial highlights 2020

-6m	100.5	87.0	13.5
Technical result (DKK)	**Combined ratio**	**Claims ratio**, net of ceded business	**Expense ratio**
2019: 73m	2019: 92.6	2019: 80.4	2019: 12.1

Sweden

Sweden sells insurance products to private customers under the 'Moderna' brand. Moreover, insurance is sold under the brands Atlantica, Bilsport & MC and Moderna Djurförsäkringar. Sales take place through its own sales force, call centres, partners and online.

Results 2020

Sweden reported a technical result of DKK 268m (DKK 231m) and a combined ratio of 83.2 (84.8). The lower combined ratio was driven by a lower expense ratio, and as planned there was also an improved underlying claims ratio due to price adjustments, especially for motor insurance. The high level of run-off gains reflects a strong reserving position in the motor third-party liability segment. The underlying profitability for the current underwriting year with a normalised run-off level is still not satisfactory. Premium growth in 2020 was primarily due to acceptance of price adjustments and organic growth for Atlantica, the niche area for boat insurance.

Premiums

Gross premium income totalled DKK 1,604m (DKK 1,521m), equating to growth of 4.9% (6.1%) in local currencies. Growth was especially attributable to motor insurance as a result of widespread acceptance of price adjustments to improve the claims ratio for this product. During the COVID-19 pandemic, Tryg has seen a big increase in the demand for boat insurance as many people were 'staycationing' in Sweden instead of travelling abroad. Atlantica, which is a niche brand in Private Sweden for boat insurance, is a very profitable segment.

Claims

The gross claims ratio was 66.5 (66.6), and the claims ratio, net of ceded business was 66.4 (67.3). In 2020, prices for motor insurance were adjusted to improve profitability, and this led to an improved underlying claims ratio for Private Sweden. Profitability, assuming a normalised run-off level, remains challenging, and initiatives to improve profitability will therefore continue in 2021. The strong run-off result reflects a very solid reserves position in the long-tail motor segment.

Expenses

The expense ratio was 16.8 (17.5), which is a somewhat lower level than the previous year. Expenses were impacted by one-off costs related to organisational restructuring in 2020. Employee numbers in Sweden were up by 23 compared to the prior-year period, totalling 323 at the end of 2020, primarily because of an increase in Inbound Sales.

Key figures – Sweden

DKKm	Q4 2020	Q4 2019	2020	2019
Gross premium income	**393**	**364**	**1,604**	**1,521**
Gross claims	-241	-193	-1,067	-1,014
Gross expenses	-55	-78	-269	-267
Profit/loss on gross business	98	93	268	241
Profit/loss on ceded business	-1	-3	1	-10
Insurance technical interest. net of reinsurance	-1	0	-1	0
Technical result	**96**	**90**	**268**	**231**
Run-off gains/losses. net of reinsurance	84	107	249	246
Key ratios				
Premium growth in local currencies	5.6	3.3	4.9	6.1
Gross claims ratio	61.3	53.1	66.5	66.6
Net reinsurance ratio	0.3	0.8	-0.1	0.7
Claims ratio. net of ceded business	61.6	53.8	66.4	67.3
Gross expense ratio	13.9	21.5	16.8	17.5
Combined ratio	**75.5**	**75.3**	**83.2**	**84.8**
Combined ratio exclusive of run-off	96.8	104.8	98.8	101.0
Run-off. net of reinsurance (%)	-21.4	-29.5	-15.5	-16.2
Weather claims. net of reinsurance (%)	0.0	0.1	0.1	0.7

7% **The business area accounts for 7% of the Group's total premium income.**

Financial highlights 2020

268m	83.2	4.9%	16.8
Technical result (DKK)	**Combined ratio**	**Premium growth** (local currencies)	**Expense ratio**
2019: 231m	2019: 84.8	2019: 6.1%	2019:17.5

Results Q4 2020
Gross premium income for Q4 2020 was DKK 393m (DKK 364m). The technical result was DKK 96m (DKK 90m), with an expense ratio of 13.9 (21.5) and a combined ratio of 75.7 (75.3).

Premiums
Gross premium income was DKK 393m (DKK 364m), or 5.6% (3.3%) in local currencies. The primary growth driver was the price adjustments implemented for motor insurance to improve profitability, but also strong sales from the inbound channel and improved distribution from Danske Bank.

Claims
The gross claims ratio was 61.3 (53.1) and net of ceded business 61.6 (53.8). The higher claims level was primarily due to a lower level of run-off gains at 21.4% compared to 29.5% for the prior-year period.

Expenses
The expense ratio was 13.9 (21.5) and was impacted by adjustments relating to previous quarters and therefore did not represent the actual expense level.

Q4 Financial highlights 2020

96m	75.5	61.6	13.9
Technical result (DKK)	**Combined ratio**	**Claims ratio**, net of ceded business	**Expense ratio**
2019: 90m	2019: 75.3	2019: 53.8	2019: 21.5

Investment activities

The investment return totalled DKK 311m (DKK 579m) for the FY 2020, driven by a return of DKK 585m (DKK 857m) on the free portfolio, a return of DKK -19m (DKK -42m) on the match portfolio, and other financial income and expenses of DKK -255m (DKK -236m).

The total market value of Tryg's investment portfolio was DKK 40.5bn (DKK 40bn) at year-end 2020. The investment portfolio consists of a match portfolio of DKK 28.1bn (DKK 29bn) and a free portfolio of DKK 12.4bn (DKK 11bn). The match portfolio is composed of low-risk fixed-income assets that match the Group's insurance liabilities, so that fluctuations resulting from interest rate changes are offset to the greatest possible extent. The free portfolio reflects the Group's capital, which is predominantly invested in fixed-income securities with a short duration, but also in equities and properties.

Free portfolio

Financial markets experienced a highly volatile year due to the outbreak of COVID-19 in March and the resulting macroeconomic worries followed by a strong recovery in the following quarters. Equity markets were down 25-30% during the second half of March, but finished the year up 13%, an unprecedented rollercoaster. Macroeconomic worries were dominant in February and March, while large Government spending programmes across the globe have mitigated the impact on employment levels but obviously increased public borrowing levels, which in some cases were already very high. The start of COVID-19 vaccination programmes just after Christmas has given hope for a rapidly improved outlook for 2021 although the winter months are likely to remain very challenging.

Tryg's equity portfolio reported a return of DKK 277m (13.5%) in 2020 against DKK 403m (21.4%) in 2019. The considerable difference in the return on equities explains around half the difference between investment returns in 2019 and 2020. The credit bonds portfolio also produced a good return of DKK 136m (6.3%) even though it was lower than in 2019 (10.8%), primarily due by falling rates throughout most of the year and tightening credit spreads. The return on the investment property portfolio was DKK 64m (DKK 159m in 2019 driven by revaluations of DKK 68m in Q4), or 2.7%.

Equity and property investments totalled DKK 5.4bn, while approximately DKK 2.3bn were invested in corporate bonds. Some DKK 3.8bn were primarily invested in Nordic covered bonds and government bonds, including inflation-linked bonds, where current yields remain negative, putting downward pressure on the return on the free portfolio and the overall investment income. Finally, an amount corresponding to just under DKK 1bn was invested in diversifying alterative assets.

Financial highlights 2020

585m
Free portfolio result (DKK)

-19m
Match portfolio (DKK)

-255m
Other financial income and expenses (DKK)

311m
Total investment return (DKK)

Key figures - investments

DKKm	Q4 2020	Q4 2019	2020	2019
Free portfolio, gross return	513	226	585	857
Match portfolio, regulatory deviation and performance	17	19	-19	-42
Other financial income and expenses	-17	-47	-255	-236
Total investment return	**513**	**198**	**311**	**579**

Return - match portfolio

DKKm	Q4 2020	Q4 2019	2020	2019
Return, match portfolio	-33	-268	548	475
Value adjustments, changed discount rate	48	322	-530	-351
Transferred to insurance technical interest	2	-35	-37	-166
Match, regulatory deviation and performance	**17**	**19**	**-19**	**-42**
Hereof:				
Match, regulatory deviation	4	23	-48	-73
Match, performance	13	-4	29	31

Match portfolio

The result of the match portfolio is the difference between the return on the match portfolio and the amount transferred to the technical result. The result can be split into a 'regulatory deviation' and a 'performance result'. The regulatory deviation was DKK -48m (DKK -73m) for FY 2020, driven primarily by the increased yield spread between the FSA/EIOPA discounting curve (in EUR) and the assets side invested in Danish kroner. The performance result was DKK 29m (DKK 31m) as Nordic covered-bond spreads narrowed slightly.

Other financial income and expenses

Other financial income and expenses is primarily characterised by interest expenses related to outstanding subordinated debt, the cost of currency hedges to protect shareholders' equity and the cost of running investment operations. Other financial income and expenses totalled DKK -255m (DKK -236m). Tryg has previously announced that this line should report a result of approximately DKK -60m per quarter after which the overall amount for 2020 is broadly in line with expectations.

Investment result in Q4 2020

The last quarter of 2020 was characterised by positive developments, especially in the equity markets. Tryg's equity portfolio returned DKK 307m or 14.0%. The last three months of 2020 were characterised by the US Presidential Elections and by increased hope for vaccination programmes related to COVID-19 that finally started towards the end of December. Macroeconomic worries abated slightly although the first months of 2021 are still likely to be problematic.

The credit bonds portfolio returned a very positive result of DKK 113m (DKK 27m) or 5.0%, with most fixed-income asset classes posting very strong returns driven by a risk-on rally, primarily on the back of better COVID-19 news. Finally, the property portfolio booked a return of DKK 72m (DKK 93m) or 2.9% for the quarter. The overall result of the free portfolio was a very robust DKK 513m (DKK 198m) or 4.5%.

The match portfolio reported an overall result of DKK 17m (DKK 19m), driven primarily by a small narrowing of Nordic covered bonds explaining the DKK 13m (DKK -4m) performance, while the regulatory deviation contributed a result of DKK 4m (DKK 23m).

Other financial income and expenses were DKK -17m (DKK -47m), the lower-than-normal level being attributable to the accrual of costs, while the overall guidance for this line remains unchanged at approximately DKK -60m a quarter.

The overall investment result in Q4 was DKK 513m (DKK 198m) with approximately 50% of the performance swing being explained by changes in equity market performance, 14.0% in Q4 2020 against 7.5% in Q4 2019.

Q4 Financial highlights 2020

513m
Free portfolio result (DKK)

17m
Match portfolio (DKK)

-17m
Other financial income and expenses (DKK)

513m
Total investment return (DKK)

Return - free portfolio

DKKm	Q4 2020	Q4 2020 (%)	Q4 2019	Q4 2019 (%)	2020	2020 (%)	2019	2019 (%)	Investment assets 31.12.2020	Investment assets 31.12.2019
Bonds	15	0.4	-43	-1.0	88	2.3	66	1.6	3,839	4,314
Credit bonds	113	5.0	27	1.3	136	6.3	228	10.8	2,261	2,173
Investment-grade credit	12	1.3	-4	-0.3	70	7.2	106	11.9	908	1,016
Emerging-market bonds	44	7.6	17	3.2	25	4.6	48	8.6	654	545
High-yield bonds	57	7.8	14	2.2	41	6.2	74	12.0	699	612
Diversifying alternatives [a]	6	0.6	-4	-0.6	20	2.1	1	0.1	935	645
Equity [b]	307	14.0	152	7.5	277	13.5	403	21.4	2,588	2,164
Real estate	72	2.9	93	4.4	64	2.7	159	7.7	2.806	2.141
Total	513	4.5	226	2.0	585	5.3	857	8.0	12,429	11,436

[a] Diversifying Alternatives consists of CAT Bonds and a tactical mandate including both bonds, interest based investment funds and equity based investment funds.
[b] In addition to the equity portfolio exposure is derivatives contracts of DKK 69m.

Solvency and dividend

Risk management is a key function in Tryg. The assessment and management of Tryg's aggregated risk and associated capital requirement constitutes a core element in the management of the company.

Risk management is based on Tryg's targets and strategies and the risk exposure limits decided by the Supervisory Board. Tryg's supervisory Board defines the framework for the company's target risk appetite and thereby the capital which must be available to cover any losses.

Solvency II

The Solvency II regime (introduced at the beginning of 2016) emphasises the need for sound risk management and has introduced additional requirements concerning risk governance, consistency across the Group and top management reporting and involvement. Tryg has implemented a risk governance structure in full compliance with Solvency II. In addition to the Solvency II requirements, Tryg has chosen to appoint a special Risk Committee consisting of members from the Supervisory Board. Tryg has chosen to implement a partial internal model, approved by the Danish FSA, which models insurance risk while all other modules are based on the standard formula.

Insurance risk

The insurance risk is controlled by limiting the size of single exposures and through the use of reinsurance, thereby capping the cost of large and weather-related claims. Additionally, the insurance risk is managed through geographical limitations and by refraining from offering certain types of insurance such as aviation and marine hull insurance. Operating within these boundaries, Tryg's risk depends on the company's choice of exposure within different segments and industries in the insurance market. Tryg operates in relatively stable markets, while slightly more than 80% of premiums are in the Private and Commercial (SMEs) segments. Quarterly fluctuations are driven mainly by large and weather-related events, and reinsurance is used extensively to stabilise the overall earnings level.

Investment risk

Invested assets are split into a match portfolio (DKK 28.1bn) and a free portfolio (DKK 12.4bn). The objective is for the return on the match portfolio to be as close as possible to zero as capital gains and losses on the assets side should be mirrored by corresponding developments on the liabilities side. The free portfolio is intended to produce the maximum risk-adjusted return. The investment risk associated with the free portfolio is managed through limits on exposure within single asset classes.

Capital management

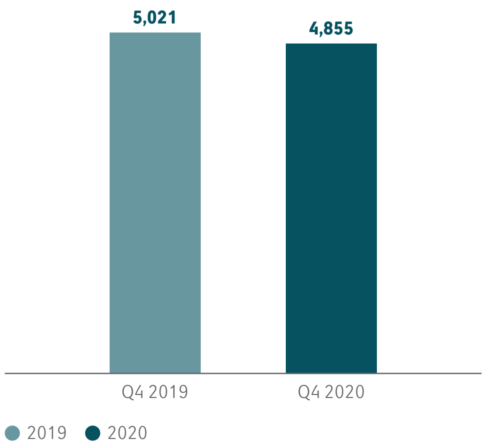
Capital management and capital modelling are key functions in Tryg. Capital management covers broadly the company's current and future capital requirements, capital allocation to the different lines of business and required returns, dividends outlook, and the ability of the company to meet its own return on equity target.

Tryg's solvency ratio is a function of developments in own funds and the solvency capital requirement (based on the approved partial internal model). As mentioned previously, Tryg has modelled the insurance risk internally, while all other modules are based on the standard formula. The capital model is based on Tryg's risk profile and takes into consideration the composition of Tryg's insurance portfolio, geographical diversification, its claims reserves profile, reinsurance programme, investments mix and overall level of profitability. The solvency ratio was 183 as per year-end 2020, up from 162 at the end of 2019.

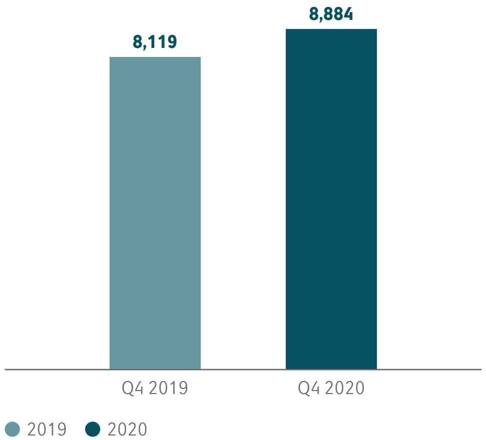
The key components of Tryg's own funds are shareholders' equity, qualifying debt instruments (both Tier 1 and Tier 2 debt) and future profit, while all intangibles are deducted in the calculation. The debt capacity has been virtually fully utilised, and at the end of 2020 some DKK 147m of Tier 2 instruments are not included in own funds as they exceed the 50% SCR limit. Own funds totalled 8,884m at the end of 2020 against DKK 8,119m at the end of 2019, the primary drivers of the change in own funds having been profits and dividends.

The solvency capital requirement (SCR) is calculated in a way that Tryg should be able to honour its obligations in 199 out of 200 years, and is regularly stress-tested. In other words, at the end of 2020, Tryg's SCR was DKK 4,855m, down slightly less than DKK 200m since the end of 2019. The lower SCR is primarily driven by the

Solvency Capital Requirement
(DKKm)



Own funds
(DKKm)



Danish FSA's approval of Tryg's updated internal model in April, which included the Swedish business, thereby increasing the diversification benefit, while some marginally lower capital charges for non-life risks were also included.

Tryg's solvency ratio continues to display low sensitivity towards capital market movements. Fixed-income securities represent some 90% of Tryg's invested assets, and the highest solvency sensitivity is therefore towards spread risk, where a widening/tightening of 100 basis points will impact the solvency ratio by 20 percentage points. Lower sensitivity is displayed towards equity market falls and interest rate fluctuations. Additional changes in the UFR (Ultimate Forward Rate) will have a negligible impact due to the relatively short duration of Tryg's liabilities (approximately four years on average).

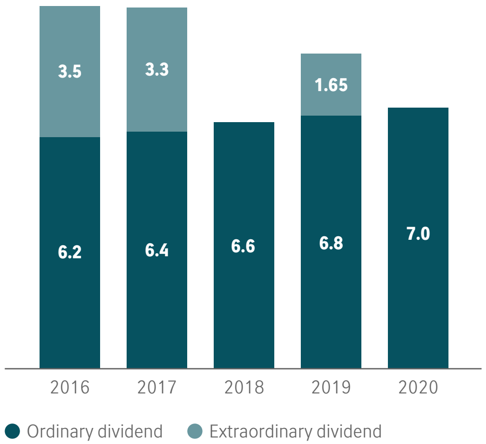
Ordinary and extraordinary dividend

The Supervisory Board regularly assesses capital structure in light of future internal earnings forecasts and balance sheet needs. The projections include initiatives set out in the company's strategy for the coming years and are based also on the most significant risks identified by the company. Adequacy is measured in relation to Tryg's strategic targets, including return on equity and dividend policy. Tryg will pay a Q4 dividend of DKK 1.75 per share on 29 January 2021, after having paid a dividend for the first nine month of 5.25 per share immediately after the Q3 results. The full-year dividend amounts to DKK 7.00 per share, equivalent to the total distribution of just above DKK 2.1bn.

Moody's rating

Tryg has an 'A1' (stable outlook) insurance financial strength (IFSR) rating from Moody's. The rating agency highlights Tryg's strong position in

Shareholder remuneration
(DKK per share)



the Nordic P&C market, robust profitability, very good asset quality and relatively low financial leverage. Moody's also assigned an 'A3' rating to Tryg's subordinated debt and a 'Baa3' rating to Tryg's Tier 1 debt. The ratings were re-affirmed in autumn 2020 following the offer made by Tryg and Intact Financial Corporation (Intact) to acquire RSA Insurance Group Pls (RSA), whereby Tryg would acquire RSA's Swedish and Norwegian operations, and Tryg and Intact would co-own RSA's Danish business on a 50/50 economic participation. Moody's expects the acquisition to further increase and broaden Tryg's earnings base in the long term. Furthermore, Tryg's leverage will reduce meaningfully in the short term.

Investor information

Investor Relations (IR) is responsible for Tryg's communication with the capital markets. It is important that investors, analysts and other stakeholders can form a true and fair view of developments, including Tryg's financial results. For this reason, Tryg's IR team strives to be as open and transparent as possible to ensure that stakeholders' information requirements are met at the highest possible level. IR is in charge of the communication with equity investors, fixed-income investors and rating agencies.

After the publication of quarterly and annual reports, Tryg's management and IR team ordinarily travel extensively to meet with shareholders and potential investors. Quarterly analyst presentations are held in Copenhagen and London. Tryg also attends investor meetings and various financial conferences on a local and global basis. As a result of COVID-19, the majority of the analyst and investor meetings and financial conferences were held virtually in 2020. The Tryg share is currently covered by 20 analysts, who continuously update their recommendations and earnings forecasts. Tryg hosts an annual Analyst Day, while more in-depth Capital Market Days are hosted every three years. As a result of the recommended acquisition of RSA's Scandinavian business, Tryg has decided to postpone the Capital Markets Day originally planned for 28 January 2021 to the autumn. A new date will be published in due course.

The Tryg share

The Tryg share is listed on NASDAQ Copenhagen. Company announcements and trading announcements are published in both Danish and English, whereas interim reports and annual reports are published in English.

The Tryg share started the year at a price of DKK 196.4 and ended 2020 at DKK 192.1. The total return (price and dividends) of the share was a positive 1.4% (for comparison purposes the European insurance index (SXIP) had a reported total return of -10.9% in 2020). The insurance sector's key attraction is its dividend yield. Earnings and solvency are always carefully scrutinised by investors. In the world of Solvency II, changes in solvency levels can be more difficult to predict and often difficult to understand. Tryg has a relatively simple business model and a transparent capital position, which is highly appreciated by analysts and investors.

Share capital and ownership

Tryg's share capital totalled DKK 1,510,739,955 on 31 December 2020. It comprises one share class (302,147,991 shares with a nominal value of DKK 5), and all shares rank pari passu. The majority shareholder, TryghedsGruppen smba, owns 53% of the shares and is the only shareholder holding more than 5% of the share capital. TryghedsGruppen invests in peace of mind and healthcare providers in the Nordic region and supports non-profit-making activities.

Quarterly dividends

Tryg started paying quarterly dividends in 2017. The Tryg share has a distinct income profile in that the business generally grows in line with GDP, producing high margins, which are mostly returned to shareholders. The prolonged period of very low interest rates in the wake of the financial crisis means that investors, all else being equal, attach even greater importance to dividends than in a more normal environment.

This is particularly true for insurance investors as insurance is one of the sectors offering the highest dividend yield. From an investment perspective, a quarterly dividend is a clear reminder of the high profitability of Tryg's business and the company's focus on returning capital to shareholders. Tryg's dividend policy is based on the following assumptions:

- An aspiration to distribute a steadily increasing dividend in nominal terms on a full-year basis.
- A general objective of creating long-term value for the company's shareholders.
- A competitive dividend policy in comparison with the policies of our Nordic competitors.
- Annual distribution of 60-90% of our profit after tax.
- The capital level must at all times reflect our return-on-equity targets and statutory capital requirements.
- The capital level may be adjusted via extraordinary dividends.

TrygFonden

TrygFonden is the leading and most well-known peace-of-mind supporter in Denmark, supporting around 800 activities that contribute to creating peace of mind, such as coastal lifeguards, cuddle bears for children at hospitals and defibrillators. Behind TrygFonden is TryghedsGruppen, which owns 53% of the shares in Tryg and annually contributes around DKK 650m to projects that create peace of mind in all parts of Denmark.

TryghedsGruppen

In 2020 and for the fifth year running, Tryg's majority shareholder, TryghedsGruppen, paid out a member bonus to Tryg and Alka customers in Denmark corresponding to 8% of the annual premiums paid for 2019.

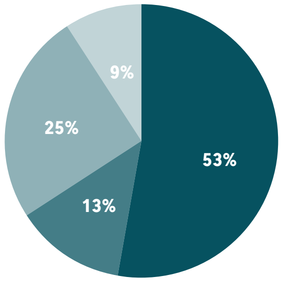
In March 2020, Tryg announced that it was moving to a full-year dividend decision for 2020 due to market volatility and the general macro-economic backdrop. Tryg's business model has proved resilient even in very challenging times, and the company's balance sheet and solvency position have remained very healthy throughout this period. In November 2020, the Supervisory Board approved the payment of the Q1-Q3 2020 ordinary dividend.

Annual general meeting

Tryg's annual general meeting will be held virtual on 26 March 2021 at 15:00 CET.

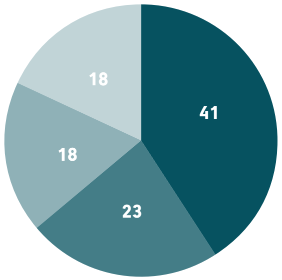
The notice will be advertised in the daily press in February 2021 and will be sent to shareholders upon request.

Shareholders at 31 December 2020



*Shareholders holding more than 10.000 sares.

Free float - geographical distribution at 31 December 2020



Free float is exclusive of TryghedsGruppen.

Shareholder distribution

DKKm	2020	2019	2018	2017	2016
Dividend	2,115	2,056	1,994	1,827	1,770
Dividend per share (DKK)	7.0	6.8	6.6	6.4	6.2
Payout ratio	76%	72%	115%	73%	72%
Extraordinary share buy back					
Extraordinary dividend		500		1,000	1,000
Extraordinary dividend per share (DKK)		1.65		3.31	3.54

Financial calendar 2021

27 Jan. 2021 Tryg shares are traded ex-dividend

29 Jan. 2021 Payment of Q4 dividend

26 Mar. 2021 Annual general meeting

16 Apr. 2021 Interim report Q1

19 Apr. 2021 Tryg shares are traded ex-dividend

21 Apr. 2021 Payment of Q1 dividend

09 July 2021 Interim report Q2 and H1

12 July 2021 Tryg shares are traded ex-dividend

14 July 2021 Payment of Q2 dividend

12 Oct. 2021 Interim report Q1-Q3

13 Oct. 2021 Tryg shares are traded ex-dividend

15 Oct. 2021 Payment of Q3 dividend

Corporate governance

Tryg focuses on managing the company in accordance with the principles of good corporate governance and generally complies with the Danish recommendations prepared by the Committee on Corporate Governance. The Recommendations on Corporate Governance are available at corporate-governance.dk. At tryg.com, Tryg has published its statutory corporate governance report based on the 'comply-or-explain' principle for each individual recommendation. This section on corporate governance is an excerpt of the corporate governance report.

Download Tryg's Statutory Corporate Governance Report at ***tryg.com > Download***

Dialogue between Tryg, shareholders and other stakeholders

Tryg's Investor Relations (IR) department maintains regular contact with analysts and investors.

Together with the Executive Board, IR organises investor meetings, conference calls and participates in conferences in Denmark and abroad. Due to the outbreak of COVID-19, most meetings were held virtually in 2020. IR also communicates with stakeholders on social media via Twitter@TrygIR.

The Supervisory Board is informed about the dialogue with investors and other stakeholders on a regular basis. Tryg has an IR policy, which states that all company announcements are published in Danish and English. Tryg publishes quarterly interim reports in English. Furthermore, Tryg publishes an annual profile in Danish, English and Norwegian. The profile is addressed to Tryg's private shareholders, customers, employees and other stakeholders and will be published on 9 February 2021.

Moreover, Tryg prepares quarterly investor presentations, which are used in our dialogue with investors and analysts. Tryg also publishes IR newsletters on relevant topics on a regular basis. All announcements, financial reports, presentations and newsletters are available at tryg.com. This material provides all stakeholders with a comprehensive picture of Tryg's position and performance.

The consolidated financial statements are presented in accordance with IFRS. At tryg.com, stakeholders are invited to subscribe to press releases, company announcements as well as trading announcements by insiders. A number of internal guidelines ensure that the disclosure of price-sensitive information complies with legislation and stock exchange codes of conduct. Tryg has adopted a number of policies describing the relationship between different stakeholders.

See the IR Policy at ***tryg.com > Governance > Policies > IR Policy***

Annual general meeting

Tryg holds an annual general meeting (AGM) every year. As required by the Danish Companies Act and Tryg's Articles of Association, the AGM is convened via a company announcement and at tryg.com subject to at least three weeks' notice. Shareholders may also opt to receive the notice by post or email. The notice contains information about time and venue as well as an agenda for the meeting.

All shareholders are encouraged to attend the AGM. The AGM is normally held by personal attendance as the Supervisory Board values personal contact with the Group's shareholders. Shareholders may propose items to be included on the agenda for the AGM and may ask questions before and at the meeting. Shareholders may vote in person at the AGM, by post or appoint the Supervisory Board or a third party as their proxy. Shareholders may consider each item on the agenda. The proxy form and form for voting by post are available at tryg.com prior to the AGM.

In 2020, the general meeting differed from prior years due to COVID-19. In light of Tryg's responsibility for the safety of shareholders, employees and management and the Danish authorities' measures to control the risk of infection with COVID-19, Tryg decided to livestream the general meeting and recommended that neither shareholders nor their advisors attended the AGM in person, thus enabling the AGM to be held with a minimum of physical attendance. Instead, Tryg encouraged all shareholders to submit questions, make use of written votes or issue a proxy and to follow the general meeting via livestream rather than by physical attendance. Information on how to exercise shareholders' rights at the AGM were communicated to shareholders and published at tryg.com.

Due to the recommended acquisition, an Extraordinary General Meeting (EGM) was held on 18 December 2020. Again, due to COVID-19, Tryg encouraged all shareholders to submit questions, make use of written votes or issue a proxy and to follow the general meeting via livestream rather than by physical attendance.

Share and capital structure

Tryg's share capital comprises a single share class, and all shares rank pari passu. The majority shareholder, TryghedsGruppen smba, owns 53% of the shares and is the only shareholder owning more than 5% of the company's shares. The Supervisory Board ensures that Tryg's capital structure is aligned with the needs of the Group and the interests of its shareholders and that it complies with the requirements applicable to Tryg as a financial undertaking. Tryg has adopted a capital plan and a contingency capital plan, which are reviewed annually by the Supervisory Board.

Depending on the development in results, each year the Supervisory Board proposes the distribution of quarterly dividends, and possibly an extraordinary annual dividend if further adjustment of the capital structure is required. In March 2020, Tryg's Supervisory Board decided to move to full-year dividends due to market volatility and the general macroeconomic backdrop. Tryg's business model has proved resilient even in very challenging times, and the company's balance sheet and solvency position have remained very healthy throughout this period. In November 2020, the Supervisory Board therefore approved the payment of the Q1-Q3 2020 ordinary dividend.

Duties, responsibilities and composition of the Supervisory Board

The Supervisory Board is responsible for the central strategic management and financial control of Tryg and for ensuring that Tryg's business is organised in a robust way. This is achieved by monitoring targets and frameworks on the basis of regular and systematic reviews of strategy and risks. The Executive Board reports to the Supervisory Board on strategies and action plans, market developments and Group performance, funding issues, capital resources and special risks.

The Supervisory Board holds one annual strategy seminar to decide on and/or adjust the Group's strategy with a view to sustaining value creation in the company. The Executive Board works with the Supervisory Board to ensure that the Group's strategy is developed and monitored. The Supervisory Board ensures that the necessary skills and financial resources are available for Tryg to achieve its strategic targets. The Supervisory Board specifies its activities in a set of rules of procedure and an annual cycle for its work.

The current eight members of the Supervisory Board were elected by the annual general meeting for a term of one year. Of the eight members elected at the annual general meeting, five, and thus the majority, are independent persons, thus complying with recommendation 3.2.1. in the Recommendations on Corporate Governance, while the other three members are dependent persons as they are appointed by Tryg's majority shareholder, TryghedsGruppen. See page 40 for information on when the individual members joined the Supervisory Board, were re-elected and when their current election period ends. To ensure the integration of new talent on the Supervisory Board, members elected by the annual general meeting may hold office for a maximum of twelve years. The Supervisory Board has 12 members in all, with an equal representation of men and women (currently including two male and two female employee representatives).

Women are thus not underrepresented on Tryg's Supervisory Board, which is in compliance with legislation as well as Tryg's policy. The Supervisory Board has members from Denmark, Sweden and Norway.

See details about the independent board members in the section Supervisory Board on ***pages 40-42*** and at ***tryg.com > Governance***

The Supervisory Board performs an annual evaluation of its work and skills to ensure that it possesses the expertise required to perform its duties in the best possible way. In addition to the annual self-evaluation, an assessment is facilitated with external assistance as a minimum every three years to ensure objectivity in the evaluation process. The Supervisory Board focuses primarily on the following qualifications and skills: business judgement, problem solving, networking, risk management, succession management, general management, CFO/audit, people and organisation, business development, financial services, risk and regulatory matters, insurance – commercial and product, insurance – technical/financial modelling, digitalisation, value chain optimisation and customer journey.

As part of the evaluation, the Supervisory Board also focuses on other executive positions and board memberships held by the members of the Supervisory Board, including the level of commitment and workload associated with each position in order to prevent potential overboarding. The evaluation is based on the individual board members' ability to devote the necessary time for preparation, their performance, attendance and participation at committee and board meetings in Tryg. In 2020, the Chair held five board seats in publicly listed companies. As a professional board member with more than 25 years of relevant international experience combined with a unique set of competencies, the Chair, with his role as an independent chair at Tryg, is a very valuable presence at Supervisory Board and committee meetings. The Chair has been very dedicated to all board and committee meetings with a 100% attendance rate since he was elected as Chair of the Supervisory Board in 2018. The Chair has reduced the amounts of obligations in listed and non-listed companies in 2020 and is continuously assessing his capability to allocate the required time and energy to his actual Board posts.

In early 2020, an evaluation with external assistance was conducted, involving individual interviews with all board members and members of the Executive management based on a questionnaire focusing on board competencies and performance. The overall conclusion was that Tryg has a very good, value-adding and professional Supervisory Board that works efficiently and in accordance with sound governance principles. The evaluation resulted in a continued focus on securing succession on the board, proactively trimming the reporting process on Tryg's financial position, risk management and compliance in order to optimise meeting preparations as well as continued focus on the roles of the board committees and their output. Further, the Supervisory Board decided to arrange a board education day on relevant matters.

See CVs and descriptions of skills in the section Supervisory Board on ***pages 41-42*** and at ***tryg.com > Governance***

Duties and composition of the Executive Board

Each year, the Supervisory Board reviews and adopts the rules of procedure of the Supervisory Board and the Executive Board, comprising relevant policies, guidelines and instructions describing reporting requirements and requirements for communication with the Executive Board. Financial legislation also requires the Executive Board to disclose all relevant information to the Supervisory Board and report on compliance with limits defined by the Supervisory Board and in legislation.

The Supervisory Board considers the composition, development, risk and succession plans of the Executive Board in connection with the annual evaluation of the Executive Board, and regularly in connection with board meetings. Each year, the Supervisory Board discusses Tryg's activities to guarantee diversity at management levels. Tryg attaches great importance to diversity at all management levels. Tryg has prepared an action plan, which sets out specific targets to ensure diversity and equal opportunities and access to management positions for qualified men and women. While Tryg has made progress in recent years, the target for 2020 of

41% women at management level was not met. However, 50% of new appointments in management positions were women in 2020.

See the action plan at ***tryg.com***

Board committees

Tryg has an Audit Committee, a Risk Committee, a Nomination Committee, a Remuneration Committee and an IT-Data Committee. The frameworks for the committees' work are defined in their terms of reference.

The board committees' terms of reference can be found at ***tryg.com > Governance > Management > Supervisory Board > Board committees***, including descriptions of members, meeting frequency, responsibilities and activities during the year.

See the tasks of the board committees in 2020 at ***tryg.com > Governance > Management > Supervisory Board > Board committees***

All members of the Audit Committee and three out of four members of the Risk Committee, including the committee chair, are independent persons. Three out of the five members of the Remuneration Committee are independent persons, including the committee chair. Two out of three members of the Nomination Committee are independent, including the committee chair. Two out of four members of the IT-Data Committee are independent persons, including the committee chair. Board committee members are elected primarily based on special skills that are considered important by the Supervisory Board.

Involvement of the employee representatives in the committees is also considered important. The committees exclusively prepare matters for decision by the entire Supervisory Board.

The special skills of all members are also described at ***tryg.com***

Remuneration of management

Tryg has adopted a remuneration policy for Tryg in general, which contains specific schemes for the Supervisory Board, the Executive Board and other employees in Tryg, whose activities have a material impact on the risk profile of the company, risk takers. The remuneration policy for 2020 was adopted by the Supervisory Board in January 2020 and approved by the annual general meeting on 30 March 2020.

The Chair of the Supervisory Board reports on Tryg's remuneration policy each year in connection with the review of the annual report at the annual general meeting. The Board's proposal for the remuneration of the Supervisory Board for the current financial year is also submitted for approval by the shareholders at the annual general meeting.

See the Remuneration policy at ***tryg.com***

Remuneration of the Supervisory Board

Members of Tryg's Supervisory Board receive a fixed fee and are not comprised by any form of incentive or severance programme or pension scheme. Their remuneration is based on trends

Total remuneration of the Supervisory Board in 2020

DKK	Basic fee	Audit Committee	Risk Committee	Remuneration Committee	IT-Data Committee	"Nomination Committee"	Social contributions (NO/SE)*	Total
Jukka Pertola, Chair	1,170,000			165,000	140,000	150,000		1,625,000
Torben Nielsen, Dep. Chair[1)]	780,000	240,000	240,000	82,500		100,000		1,442,500
Lene Skole	390,000	160,000	160,000					710,000
Mari Thjømøe	390,000	160,000	160,000				135,610	845,610
Carl-Viggo Östlund	390,000			110,000	210,000		140,580	850,580
Ida Sofie Jensen	390,000			110,000	140,000	100,000		740,000
Tina Snejbjerg [2)]	390,000		160,000	82,500				632,500
Lone Hansen [3)]	97,500				35,000			132,500
Tom Eileng [3)]	97,500			27,500			23,875	148,875
Elias Bakk [4)]	390,000				105,000		98,010	593,010
Karen Bladt	390,000							390,000
Claus Wistoft	390,000							390,000
Gert Ove Mikkelsen [5)]	292,500						55,868	348,368
Charlotte Dietzer [5)]	292,500							292,500
Total								**9,141,443**

[1)] Joined the Remuneration Committee as additional member in March 2020; In 2020 Torben Nielsen also received a fee as Chair of the Board of the subsidiaries Tryg Invest A/S (DKK 125,000) and Kapitalforeningen Tryg Invest Funds (DKK 200,000),
[2)] Joined as a member of the Remuneration Committee in March 2020,
[3)] Resigned from the Supervisory Board in March 2020,
[4)] Joined as a member of the IT-Data Committee in March 2020
[5)] Joined the Supervisory Board in March 20200
* Employer contributions to social security relating to board members from Sweden and Norway

Total remuneration of the Executive Board in 2020

DKK Name	Basic salary	Pension	Car allowance	Other benefits	Total fixed salary	Conditional Shares[1]	Special allowance[2]	Total salary
Morten Hübbe	11,783,200	2,945,800	255,000	27,000	15,011,000	4,603,373	1,200,000	20,814,373
Lars Bonde	5,600,458	1,400,115	255,000	27,000	7,282,573	2,233,322	1,200,000	10,715,895
Johan Kirstein Brammer	5,692,500	1,423,125	255,000	27,000	7,397,625	2,367,240	1,200,000	10,964,865
Barbara Plucnar Jensen	5,200,000	1,300,000	255,000	27,000	6,782,000	2,079,813	1,200,000	10,061,813

[1] The value of Conditional Shares at the time of allotment in January 2021 for the 2020 performance year.
[2] One-off award in Conditional Shares, cf. below

in peer companies, taking into account the required skills, efforts and the scope of the Supervisory Board's work, including the number of meetings held. The remuneration received by the Chair of the Supervisory Board is three times that received by ordinary members, while the Deputy Chair's remuneration is twice that received by ordinary members of the Supervisory Board.

Remuneration of the Executive Board

Members of the Executive Board are employed on a contractual basis, and all terms of their remuneration are established by the Supervisory Board within the framework of the approved remuneration policy.

Tryg wants to strike an appropriate balance between management remuneration, predictable risk and value creation for the company's shareholders in the short and long term.

The Executive Board's remuneration consists of a fixed basic salary, a pension contribution of 25% of the base salary and other benefits. The base salary must be competitive and appropriate for the market and provide sufficient motivation for all members of the Executive Board to do their best to realise the company's defined targets.

The Supervisory Board can decide that the basic salary should be supplemented with a variable pay element of up to 50% of the fixed salary including pension.

The variable pay is set out in an incentive programme for the Executive Board. The allocation of the variable salary components under the incentive programme is based on a result and performance assessment of each participant's work in the performance year (financial year), based on specific weighted financial and non-financial targets decided at the beginning of the performance year.

The principal purpose of the incentive programme is to ensure the congruence of the financial interest of the participants and the company's shareholders and to create a correlation between remuneration and performance results. Secondly, the programme should contribute to retaining the participants in Tryg.

For the performance year 2020, the variable pay element was in January 2021 allotted as conditional shares. The cap for the incentive programme was 32% of the fixed salary including pension in 2020.

The targets for 2020 were based on Tryg's technical result, Transactional Net Promoter Score, employee satisfaction levels, the incorporation of Alka and the implementation of the strategy.

The allotted conditional shares are deferred for four years from the time of allotment. After the end of the deferral period, the participant will receive free shares in Tryg A/S corresponding to the numbers of conditional shares allotted. The granting of free shares is conditional upon the fulfilment of additional conditions such as continued employment and back-testing (testing prior to granting, to ensure that the criteria on which the variable salary is based are still met at the time of granting of free shares).

Furthermore, all members of the Executive Board received a discretionary one-off bonus in December 2020 in recognition of their strategic efforts to ensure that Tryg, together with Canadian Intact, was able to submit a binding offer to purchase RSA. The one-off bonus took the form of conditional shares, which are deferred for four years.

Read more about the incentive programme in the Remuneration policy and in the Remuneration Report at ***tryg.com***

Financial reporting, risk management and auditing

As an insurance business, Tryg is subject to the risk management requirements of the Danish Financial Business Act and Solvency II. The Supervisory Board defines Tryg's risk management framework as regards insurance risk, investment risk, compliance risk and operational risk, as well as IT security, in policies and guidelines for the Executive Board. Risks associated with new financial reporting rules and accounting policies are monitored and considered by the Audit Committee, the finance management and the internal auditors. Material legal and tax-related issues and the financial reporting of such issues are assessed on an ongoing basis.

Other risks associated with the financial reporting are described in the section Solvency and dividend on ***pages 31-32*** and in Note 1 Risk management on ***page 60***

Tryg engages in ongoing risk identification, mapping insurance risks and other risks which may endanger the realisation of Tryg's strategy, or which may potentially have a substantial impact on Tryg's financial position. The process involves identifying and continually monitoring the risks identified. As in previous years, Tryg undertook an Own Risk and Solvency Assessment (ORSA) in 2020. The purpose of the ORSA is to ensure and demonstrate a link between strategy, risk management, risk appetite, solvency and capital planning over the planning period. Giving the outbreak of COVID-19, specific attention has been given to identifying, assessing and managing the risks stemming from this new situation.

The Supervisory Board and the Executive Board approve and monitor the Group's overall policies and guidelines, procedures and controls in important risk areas. They receive reports about developments in these areas and about the ways in which the frameworks are applied. The Supervisory Board checks that the company's risk management and internal controls are effective. The Board receives reports on non-compliance with the frameworks and guidelines established by the Supervisory Board. The Risk Committee monitors the risk management on an ongoing basis and reports quarterly to the Supervisory Board.

The Group's internal control systems are based on clear organisational structures and guidelines, general IT controls and segregation of functions, which are supervised by the internal auditors.

As part of the internal control system, Tryg has established independent risk management, compliance and actuarial functions. The functions are reporting to the Executive Board and the Supervisory Board's Risk Committee. Tryg has a decentralised set-up whereby risk managers in the business areas carry out monitoring and reporting of second line internal controls for the risk management and compliance functions.

Risk management is an integral part of Tryg's business operations. The Group seeks at all times to minimise the risk of unnecessary losses in order to optimise returns on the company's capital.

Read more about Tryg's Risk management in the section Solvency and dividend on ***pages 31-32*** and in Note 1 on ***page 60***

Whistleblower line

Tryg has a whistleblower line, which allows employees, customers and business partners to report any serious wrongdoings or suspected irregularities. Reporting takes place in confidence to the Audit Committee chair and the Head of Legal & Compliance.

Read more about Tryg's whistleblower line at ***tryg.com***

Independent and internal audit

The Supervisory Board ensures monitoring by competent and independent auditors. The Group's internal auditor attends all board meetings. The independent auditor attends the annual board meeting at which the annual report is presented.

The annual general meeting annually appoints an independent auditor recommended by the Supervisory Board. At least once a year, the auditors meet with the Audit Committee without the presence of the Executive Board. The Audit Committee chair deals with any matters that need to be reported to the Supervisory Board.

Tryg's internal audit department regularly reviews the quality of the Group's internal control systems and business procedures. It is responsible for planning, performing and reporting on the audit work to the Supervisory Board.

Deviations and explanations

Tryg complies with the Recommendations on Corporate Governance except as regards the number of independent members of board committees, with which Tryg complies partially; see recommendation 3.4.2. of the Recommendations on Corporate Governance.

The deviations are explained in Tryg's Statutory Corporate Governance report, which is available at ***tryg.com > Download***

Supervisory Board

1.
Lene Skole
Board member (2010)

2.
Claus Wistoft
Board member (2019)

3.
Mari Thjømøe
Board member (2012)

4.
Elias Bakk
Employee representative (2017)

5.
Charlotte Dietzer
Employee representative (2020)

6.
Jukka Pertola
Chair (2017)

7.
Carl-Viggo Östlund
Board member (2019)

8.
Karen Bladt
Board member (2019)

9.
Tina Snejbjerg
Employee representative (2010)

10.
Gert Ove Mikkelsen
Employee representative (2020)

11.
Ida Sofie Jensen
Board Member (2013)

12.
Torben Nielsen
Deputy Chair (2011)

Supervisory Board

Jukka Pertola[b)]

Born in 1960. Joined the Supervisory Board in 2017. Finnish citizen.

Career Professional board member. Former CEO of Siemens Denmark
Education MSc in Electrical Engineering
Board seats, Chair Tryg A/S and Tryg Forsikring A/S, Monsenso A/S (until 14.4.2021), Siemens Gamesa Renewable Energy A/S and Asetek A/S
Board seats, Deputy Chair Cowi Holding A/S, Gomspace Group AB incl. GomSpace A/S, GN Store Nord A/S incl. GN Audio A/S and GN Hearing A/S
Commitee memberships Remuneration Committee (Chair), Nomination Committee (Chair) and IT-Data Committee in Tryg A/S, Nomination Committee in COWI Holding A/S, Nomination Committee in Gomspace Group AB, Remuneration Committee (Chair) in Asetek A/S and Remuneration Committee, Nomination Committee and Strategy Committee in GN Store Nord A/S
Experience More than 25 years of top management experience in the IT and telecommunication industry and electrical engineering. The latest position being CEO of Siemens Denmark from 2002 to 2017. Broad international experience with global and regional business responsibilities in both BtC and BtB.
Competencies Solid technological background in telecommunication, IT, digitalisation, business models, strategy and business development. Understanding of risk management, M&A, business know-how and judgement as well as insurance.
Number of shares 6,000
Change in portfolio since 2019 2,000

Torben Nielsen[b)]

Born in 1947. Joined the Supervisory Board in 2011. Danish citizen.

Career Professional board member, Adjunct Professor at the Copenhagen Business School. Former Governor of Danmarks Nationalbank (Danish Central Bank)
Education Savings bank training, Graduate Diplomas in Organisation, Work Sociology, Credit and Financing.
Board seats, Chair Ny Holmegaard Værk Fund, Investeringsforeningen Sparinvest, Vordingborg Borg Fund, Museum of South East Denmark, Tryg Invest A/S and KTIF (Kapitalforeningen Tryg Invest Funds)
Board seats, Deputy Chair Tryg A/S and Tryg Forsikring A/S
Board member Sampension KP Livsforsikring A/S and a member of the Executive Management of Bombebøssen
Commitee memberships Audit Committee (Chair), Risk Committee (Chair) and Nomination Committee in Tryg A/S and Audit Committee (Chair) and Risk Committee (Chair) in Sampension
Experience General experience from executive level in banking. Micro and macro knowledge from membership of the Board of Governors in the Danish Central Bank. Knowledge of chairmanship from non-executive boards.
Competencies General top management experience from the financial sector as well as experience with risk management and regulatory requirements business know-how and judgement.
Number of shares 28,000
Change in portfolio since 2019 0

Elias Bakk[a)]

Born in 1975. Joined the Supervisory Board in 2017. Swedish citizen.

Employed since 2006
Career Business Coordinator in Moderna SE
Education Norra Real Gymnasium, financial services & insurance at Företagsekonomiska Institut Stockholm. Education at Forsikringsakademiet for new board members
Board member Tryg A/S and Tryg Forsikring A/S
Commitee memberships IT-Data Committee in Tryg A/S
Experience Team Manager in Moderna Affinity for 12 years, Business developer in Moderna and Affinity for 2 years
Competencies Solid insurance knowledge from his years in industry, business know-how and judgement, experience with organisation development, business development, customer handling and interaction.
Number of shares 956
Change in portfolio since 2019 138

Charlotte Dietzer[a+c)]

Born in 1974. Joined the Supervisory Board in 2020. Danish citizen.

Employed since 1998
Career Manager advisor in Claims Denmark, Tryg A/S
Education Insurance education at Forsikringsakademiet (level 5) as well as various management and communication programmes
Board member Tryg A/S and Tryg Forsikring A/S
Experience Division partner in Tryg A/S and examiner at Forsikringsakademiet.
Competencies Solid knowledge and experience within the insurance industry. Excellent interpersonal and verbal communication skills.
Number of shares 138
Change in portfolio since 2019 138

Gert Ove Mikkelsen[a+c)]

Born in 1979. Joined the Supervisory Board in 2020. Norwegian citizen.

Employed since 2011
Career Senior investigator in Tryg A/S
Education The Norwegian Police University College (BA) and Queensland University of Technology (Master of Justice). Norwegian School of Economics (Business Economics and Management Accounting). Numerous courses in insurance-related matters.
Board member Tryg A/S and Tryg Forsikring A/S
Experience Police Officer/Detective for 10 years, including Leading Investigator at Organized Crime Unit in Oslo, Norway. Joined the Special Investigation Unit at Tryg in 2011.
Competencies Broad experience with insurance-related matters from most parts of the Tryg organisation. Solid knowledge and experience with compliance/audits, impact analyses and responsive strategies. Excellent interpersonal and verbal communication skills
Number of shares 745
Change in portfolio since 2019 138

Tina Snejbjerg[a)]

Born in 1962. Joined the Supervisory Board in 2010. Danish citizen.

Employed since 1987
Career Officer of Tryg's Personnel Department
Education Insurance training
Board member The Central Board of Forsikringsforbundet, Tryg A/S and Tryg Forsikring A/S
Commitee memberships Risk Committee and Remuneration Committee in Tryg A/S
Experience From 1987 to 2001, Tina Snejbjerg worked with sale of insurance to both private and commercial customers as well as providing insurance advice to customers. From 2001-2009, Tina Snejbjerg was the deputy chair of the local department of Forsikringsforbundet and since 2009, she has been the chair working with operations, strategy, negotiation agreements and engaged in recruiting and retaining members.
Competencies From many years of experience, Tina Snejbjerg has acquired solid business know-how and judgement, problem-solving abilities working with management and HR-related issues in the financial sector, specifically the insurance industry.
Number of shares 1,175
Change in portfolio since 2019 138

Ida Sofie Jensen[a)]

Born in 1958. Joined the Supervisory Board in 2013. Danish citizen.

Career Group Managing Director of Lif (Medicine and Healthcare Industry), CEO of the subsidiary DLI A/S (Danish Medicine Information) and the subsidiary ENLI ApS (Ethical Board for the Pharmaceutical Industry)
Education MSc in Political Science (cand.scient.pol.), European Health Leadership Programme INSEAD, Executive Management Programme INSEAD, Executive Program Columbia Business School, Executive Program Singularity University
Board seats, Chair TryghedsGruppen smba
Board member Tryg A/S and Tryg Forsikring A/S
Commitee memberships Remuneration Committee, Nomination Committee and IT-Data Committee in Tryg A/S
Experience General top management experience as CEO of Lif since 2004 and former CEO of Herlev University Hospital. Representive in TryghedsGruppen since 2010. Deputy Chair 2014-2019 and Chair since 2019.
Competencies Solid business know-how and judgement, analytical approach to problem-solving and strategy, networking, skills and the ability to evaluate succession scenarios as well as understanding of digitalisation.
Number of shares 2,905
Change in portfolio since 2019 0

Lene Skole[b]

Born in 1959. Joined the Supervisory Board in 2010. Danish citizen.

Career CEO of Lundbeckfonden (+ Lundbeck Invest A/S)
Education The A. P. Møller Group International Shipping Education, Graduate Diploma in Finance and various international management programmes
Board seats, Deputy Chair Ørsted A/S, H. Lundbeck A/S, ALK Abelló A/S and Falck A/S
Board member Tryg A/S and Tryg Forsikring A/S
Commitee memberships Audit Committee and Risk Committee in Tryg A/S, Audit Committee, Scientific Committee and Nomination Committee in ALK-Abelló A/S, Scientific Committee, Nomination Committee and Remuneration Committee in H. Lundbeck A/S, Audit Committee and Remuneration Committee in Falck A/S and Nomination Committee and Remuneration Committee in Ørsted A/S
Experience Top management experience from various positions in the AP Moller-Maersk Group, CFO in Coloplast and currently CEO of Lundbeckfonden
Competencies Solid business know-how and judgement, risk management, business development, finance, strategy, M&A and understanding of business models
Number of shares 7,025
Change in portfolio since 2019 0

Mari Thjømøe[b]

Born in 1962. Joined the Supervisory Board in 2012. Norwegian citizen.

Career Professional board member and independent advisor
Education MSc in Economy and Business Administration, Chartered Financial Analyst (CFA), Senior Executive Programme from London Business School and Effective Board Management from Harvard Business School
Board seats, Chair Bilington Process Technology A/S, Seilsport Maritimt Forlag A/S and ThjømøeKranen A/S
Board member Tryg A/S and Tryg Forsikring A/S, TF Bank AB, FCG Fonder AB, Norconsult A/S and Norconsult Holding A/S, Hafslund E-CO ASA and ICE ASA
Commitee memberships Audit Committee and Risk Committee in Tryg A/S
Experience Senior management experience from large cap companies, insurance and real estate. Extensive experience from board of directors within finance, IT, energy and renewables and is engaged in developing sustainable businesses and good governance. Headed the Norwegian IR associations for a number of years and received the Women's Board Award for Norway
Competencies Business know-how from experience with the financial sector and energy as well as risk management, strategy, restructuring, business development, M&A, IR and financial communication and working with regulatory authorities
Number of shares 4,300
Change in portfolio since 2019 0

Claus Wistoft[b]

Born in 1959. Joined the Supervisory Board in 2019. Danish citizen.

Career 1st Deputy Mayor, Municipality of Syddjurs and member of the finance committee. Agriculturalist, wind energy production, tenanted properties and project development of building sites. CEO in Demex Holding A/S and C.W. Holding A/S
Education Agricultural education at Bygholm Agricultural College and various business courses
Board seats, Chair Midttrafik I/S
Board member Tryg A/S and Tryg Forsikring A/S, Trygheds-Gruppen smba, Seidelmann Holding ApS, Houmarken A/S, Lyngfeldt A/S, Lyngfeldt Finansiering A/S, Lyngfeldt Maskinudlejning ApS, K/S Prinz Carl Anlage I and Syddjurs udviklingspark
Experience Top management experience from operating his own business for 35 years
Competencies Analytical approach to problem-solving, solid business know-how and business development, understanding of risk management and succession
Number of shares 2,500
Change in portfolio since 2019 0

Karen Bladt[b]

Born in 1967. Joined the Supervisory Board in 2019. Danish citizen.

Career Director/owner of HASLE Refractories A/S
Education MSc.(Eng) in Operations and Supply Chain Management, Aalborg University
Board seats, Chair Business Center Bornholm
Board seats, Deputy Chair Erhvervshus Hovedstaden – Bornholm
Board member Tryg A/S and Tryg Forsikring A/S, HASLE Refractories A/S, HASLE Refractories India Pvt. Ltd, Bornholmstrafikken Holding A/S and TrygheдsGruppen smba
Experience Top management experience as the owner of HASLE Refractories A/S since 2003 as well as 10 years of experience as member of various supervisory boards
Competencies Business know-how and judgement, experienced in business development with an analytical approach to problem-solving
Number of shares 269
Change in portfolio since 2019 269

Carl-Viggo Östlund[b]

Born in 1955. Joined the Supervisory Board in 2015. Swedish citizen.

Career CEO of Allert Östlund AB, professional board member and investor. Former CEO of Swedish banks SBAB and Nordnet and the insurance company SalusAnsvar
Education BSc in International Business and Finance & Accounting
Board seats, Chair FCG Fonder AB, Fondo Solutions AB, Gladheim Fastigheter AB, Hypoteket Bolån, Sverige AB and Ponture AB
Board member Tryg A/S and Tryg Forsikring A/S, Allert Östlund, DBT Capital AB, Havsgaard AB, Irisande Care Group AB, Jovinum Food&Beverage AB, Nedvi Fastigheter AB, Picsmart AB, Wonderbox AB and Ywonne Media Group AB
Commitee memberships IT-Data Committee (Chair) and Remuneration Committee in Tryg A/S
Experience More than 30 years as CEO and Managing Director in local and international environment in listed companies as well as banks. Experience from the following industries: manufacturing, logisticts, insurance, finance and banking
Competencies Solid background from the insurance industry, non-life as well as life. Business know-how and judgement, banking and finance know-how, understanding of digitalisation and risk management
Number of shares 3,080
Change in portfolio since 2019 450

Commitee meeting overview 2020

Name	Supervisory Board	Audit Committee	Risk Committee	Nomination Committee	Remuneration Committee	IT-Data Committee
Jukka Pertola	22/22			8/8	11/11	4/4
Torben Nielsen	22/22	7/7	15/15	8/8	11/11	
Elias Bakk	22/22					3/4
Charlotte Dietzer	20/22					
Gert Ove Mikkelsen	21/22					
Tina Snejbjerg	22/22		15/15		10/11	
Ida Sofie Jensen	22/22			8/8	10/11	4/4
Lene Skole	22/22	7/7	15/15			
Mari Thjømøe	22/22	7/7	15/15			
Claus Wistoft	22/22					
Karen Bladt	22/22					
Carl-Viggo Östlund	22/22				10/11	4/4

Members of the Supervisory Board are elected for a term of one year. Employee representatives are, however, elected for a term of four years.
[a] Dependent member of the Supervisory Board.
[b] Independent member of the Supervisory Board, as per the definition in Recommendations on Corporate Governance.
[c] Joined the Supervisory Board in March 2020

Executive Board

Lars Bonde
Group COO

Born in 1965. Joined Tryg in 1998.
Joined the Executive Board in 2006.

Education: Insurance training, LL.M.
Board seats, Chair: P/F Betri Trygging, Tryg Livsforsikringsselskab A/S and Forsikringsakademiet
Board member: Danish Employers' Association for the Financial Sector and Cph-business (Copenhagen Business Academy)
Number of shares held: 81,960
Change in portfolio in 2020: +11,552

Barbara Plucnar Jensen
Group CFO

Born in 1971. Joined Tryg in 2019.
Joined the Executive Board in 2019.

Education: MSc in Economics, University of Copenhagen
Board member: J. Lauritzen, Nordsøenheden and Kapitalforeningen Tryg Invest Funds
Committee memberships: Audit Committee in J. Lauritzen (Chair)
Number of shares held: 13,532
Change in portfolio in 2020: +7,775

Morten Hübbe
Group CEO

Born in 1972. Joined Tryg in 2002.
Joined the Executive Board in 2003.

Education: BSc in International Business Administration and Modern Languages, MSc in Finance and Accounting (CBS), management programme at Wharton
Board seats, Chair: Conscia and Siteimprove
Board seats, Deputy Chairman: Simcorp A/S
Number of shares held: 230,812
Change in portfolio in 2020: +34,523

Johan Kirstein Brammer
Group CCO

Born in 1976. Joined Tryg in 2015.
Joined the Executive Board in 2018.

Education: LL.M., MBA, Graduate Diploma in Finance.
Board member: Insurance & Pension Denmark (IPD).
Number of shares held: 37,405
Change in portfolio in 2020: +13,009

Corporate Responsibility in Tryg

Tryg has been a signatory member to the UN Global Compact since 2008. In addition to this section on Corporate Responsibility, Tryg publishes its independent Corporate Responsibility report on tryg.com. Our Corporate Responsibility report is our statutory statement on corporate social responsibility and gender diversity at management level presented in accordance with Sections 132 and 132a of the Danish Executive Order on Financial Reports for Insurance Companies and Lateral Pension Funds (Nationwide Occupational Pension Funds). Our Corporate Responsibility report also includes extensive Environmental, Social and Governance (ESG) data.

Download Corporate Responsibility report
See ESG data on ***pages 35-37*** in our Corporate Responsibility report

Tryg's Corporate Responsibility strategy for 2020 focused on four areas: Actively creating peace of mind, Climate and environment, Responsible workplace and Business ethics. Our Corporate Responsibility efforts are linked to Tryg's business model and core business (see page 13). As an insurance provider, Tryg provides a safety net for its customers across the Nordics in case of a claim and offers prevention initiatives to reduce and limit claims. Hence, Tryg creates peace of mind before, during and after a claim. The Corporate Responsibility Board, chaired by the CFO, supervises Tryg's Corporate Responsibility efforts.

Download Terms of reference for Corporate Responsibility Board
Download Corporate Responsibility policy

In 2020, Tryg conducted an extensive materiality assessment to identify the environmental, social, economic and governance issues that are perceived to be most important to Tryg and its stakeholders. The results of the materiality assessment form the basis of our corporate responsibility approach, which ensures that we focus on the opportunities and risks in relation to Corporate Responsibility that matter most to our stakeholders.

Actively creating peace of mind

Actively creating peace of mind is one of the strategic elements of Tryg's Corporate Responsibility strategy, through which Tryg is contributing to society as well as offering relevant products with a preventive element to our customers.

In 2020, Tryg launched the Tryg Sund app, which consolidates the health of our commercial customers in one app. During our busy everyday lives, it can be difficult to prioritise one's health. Via Tryg Sund, we are able to push messages to inform our customers about the health initiatives we offer through our health portal. To increase the safety of our customers and their cars, we have launched Tryg Bilpleje, which is our new car service product that we offer to our car insurance customers. The purpose of the product is to ensure that our customers' cars are safe and ready for the seasonal changes in weather.

The Nightravens and lifebuoys are two initiatives, which create peace of mind in society in Norway. The Nightravens prevent crimes from happening by being present and making people feel safe in the night life, while the lifebuoys provide safety along the coastlines, lakes, rivers and near harbours in Norway. The lifebuoy is a vitally important rescue tool, and for decades, Tryg has provided lifebuoys to Norwegian society. Today, Tryg owns more than 47,000 lifebuoys.

Read more on ***pages 11-14*** in our Corporate Responsibility report

Climate and environment

Tryg is not an energy-intensive company, since its carbon emissions are mainly associated with heating and electricity use at the offices in addition to car and air travel. However, we acknowledge that we are part of the solution when it comes to minimising carbon emissions. We support the Danish government's ambition to reduce carbon emissions by 70% in 2030 compared to 1990 as well as the efforts to minimise climate change and its negative impacts addressed in the Paris Agreement.

Tryg has a direct impact on the climate and the environment through its own internal operations and an indirect impact through its business activities. Tryg's climate and environmental policy sets out our commitment to minimising the carbon footprint and negative impact of our own operations and creating a positive impact through our business activities such as product development and claims handling.

Download the Climate and environmental policy
Read more on ***pages 15-18*** in our Corporate Responsibility report

Climate risks and opportunities

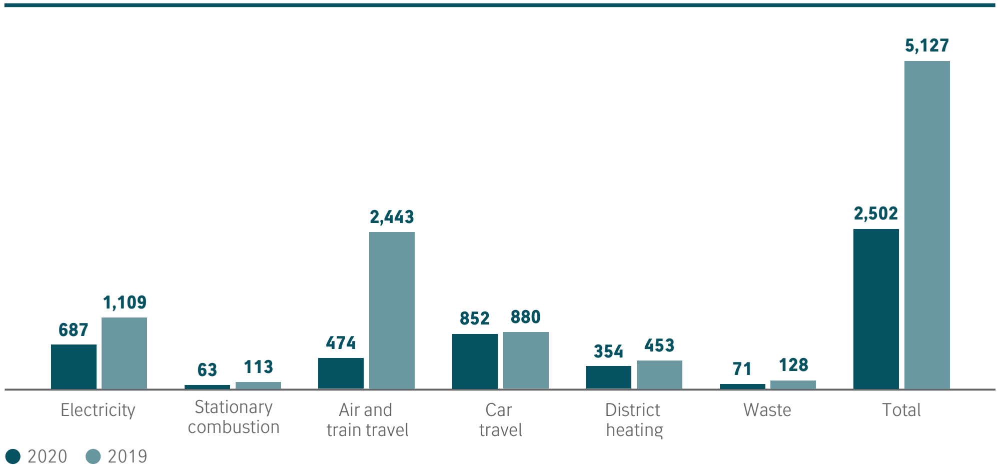
Environmental and climate-related issues such as climate change and natural disasters are material issues for Tryg and for our stakeholders. The changing climate is causing harm and concern to our customers and society. Also, extreme weather events potentially represent a risk to Tryg. Yet, it also represents several opportunities.

Physical risks and opportunities

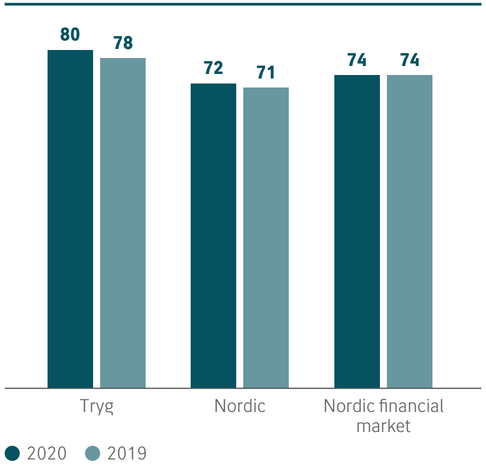
Extreme weather events such as flooding, cloudbursts and storms as well as changing weather patterns such as milder winters represent a physical risk to Tryg, since environmental and climate-related events can cause an increase in the frequency of climate-related claims.

A potential increase in the frequency of climate-related claims gives rise to insurance and underwriting risks. Therefore, Tryg monitors data available on material climate changes and seeks to mitigate the risk of such possible changes by working to prevent claims by advising its customers on how to protect their homes from

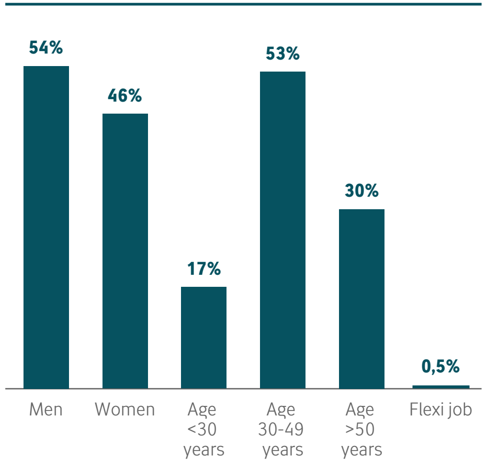
Carbon emissions
Tonnes



Employee satisfaction
Index



Employee mix
%



climate-related risks and by including it in our underwriting and reinsurance. Also, insurance risk is controlled by limiting the size of single exposures, through geographical limitations and by refraining from offering certain types of insurance.

By contributing to the prevention of climate-related claims, Tryg is able to support society and the transition to a low-carbon economy, offer relevant products and services to our customers and increase our customers' peace of mind.

Transitional risks and opportunities

One of the main transitional risks is the potential development in climate-related policy and regulation. Future policy actions, both at a national and at EU level, may seek to either constrain actions which contribute to the adverse effects of climate change or promote adaptation. Even though Tryg's direct carbon footprint is limited, the implementation of such initiatives still represents a risk to Tryg, which calls for adaptation. Also, regulatory developments that include new disclosure or reporting requirements introduced within the financial sector to address climate-related issues represent a transitional risk, to which Tryg has to adapt to stay compliant as well as competitive.

The transition to a low-carbon economy also represents several opportunities for Tryg. We are able to utilise new technology, knowledge and data to improve our claims prevention measures as well as implement more sustainable claims handling processes. Sustainable claims handling is a key area, in which we can become more sustainable and contribute to a low-carbon economy, while offering our customers a more sustainable claims handling process. Also, sustainable claims handling reduces the use of materials, benefitting both the environment and Tryg's claims costs.

Carbon emissions

In 2020, Tryg's total carbon emissions decreased by 51% compared to 2019, corresponding to a decrease of 2,626 tonnes of CO_2 in total. However, 2020 was an unusual year due to the COVID-19 pandemic, which significantly affected Tryg's carbon emissions.

From March 2020, except for business-critical travel, almost all business travel across national borders was cancelled to limit transmission of the virus, which led to an 81% decrease in carbon emissions from air travel compared to 2019.

Most of our employees in Denmark, Norway and Sweden were asked and advised to work from home. As a result, the electricity consumption at all our offices decreased by 36% in total compared to 2019, while total waste production decreased by 45%, all contributing to the decrease in Tryg's total carbon emissions.

Yet, Tryg initiated several initiatives in 2020, which have also contributed to the decrease in our total carbon emissions. Read more under on page 17 in our Corporate Responsibility report.

Tryg calculates carbon emissions based on the Greenhouse Gas Protocol Initiative (GHG protocol).

Eco-Lighthouse in Norway

Eco-Lighthouse is a Norwegian certification scheme for companies seeking to document their environmental efforts and demonstrate social responsibility. In 2020, Tryg initiated the recertification of its offices in Norway according to the specific criteria applicable to the insurance industry. We expect to meet the updated reporting deadlines and to obtain recertification in the first half of 2021.

Responsible workplace

Providing a healthy and safe working environment and securing the well-being of our employees are vital to Tryg. Our materiality assessment indicated that there is a risk that Tryg can have adverse impacts on its employees through, for example, dissatisfaction, discrimination or the physical or psychosocial working environment. To mitigate this risk, we are continuously working to improve working conditions for our employees.

Read more on ***pages 19-23*** in our Corporate Responsibility report

Employee satisfaction

The annual employee satisfaction survey is key to measuring employee satisfaction and a starting point for talking about well-being in the workplace. In 2020, Tryg's overall employee satisfaction score increased to 80, up from 78 in 2019. Despite 2020 being a different year for all employees in Tryg due to COVID-19, the score for 2020 is record-high.

Diversity and inclusion

We believe that a diverse representation of employees and, more importantly, diversity of thought are key elements to the success of Tryg. In 2020, Tryg increased the number of women in management positions from 35% in 2019 to 38% through a successful high focus on improving gender balance. As a result, a 50/50 balance for managerial recruitments was achieved in 2020.

While we have made significant progress in recent years, we still have some way to go before reaching our 2020 group target of 41% women in management positions.

We realise there are no quick or easy solutions, and the cultural change required to meet our target will take time. Hence, further actions are needed to realise our target. This involves looking at the barriers and focusing on the underlying structures, HR processes and our organisational culture. We will continue to work towards our target of 41% women in management positions in our next strategy period towards 2023.

Tryg's Supervisory Board is composed of six men and six women, and under Danish law as well as Tryg's own policy, there is equality among the genders.

In 2020, Tryg expanded its diversity agenda to include a broader focus by promoting diversity of thought in management teams. We will be focusing on increasing diversity for three factors: gender, age and industry/experience.

Activities to increase diversity and inclusion

To attract, hire and retain female leaders as well as increase diversity in management teams, Tryg's action plan for diversity for 2023 focuses on eliminating bias in our recruitment and HR process.

Tryg will recruit the candidate with the best competencies and skills for the team, and we are striving to hire candidates who will increase diversity of thought in our management teams. We are also reducing unconscious bias in our recruitment process through data collection and through training of our recruitment managers. By raising awareness and training our leaders on how to lead diverse teams in our leadership programmes, we are focusing on building an inclusive culture.

Download General action plan for diversity including women in management

Business ethics

Tryg is committed to run an ethical, transparent and responsible business. Our materiality assessment shows that business ethics, data privacy and cyber security are material matters to Tryg. Building knowledge and capacity on these issues, not only internally among our employees through for example e-learning, but also throughout our business relations, requires continuous attention.

Our commitment to ethical and strong corporate governance is the foundation on which we build our business. Tryg's Code of Conduct defines the rules, which all employees are required to adhere to. Our tax policy and anti-corruption policy further outline our commitment to acting as a responsible company. Our Supplier Code of Conduct sets out minimum requirements for our suppliers and partners to operate in accordance with responsible business principles and in full compliance with all applicable laws and regulations. Tryg's responsible investment policy outlines the principles we follow to ensure that our investments are conducted in accordance with our values.

Download Code of Conduct
Download Tax policy
Download Anti-corruption policy
Download Supplier Code of Conduct
Download Responsible investment policy
Read more on ***pages 24-28*** in our Corporate Responsibility report

Security

As an insurance company, for which digitalisation and innovation are high priorities, Tryg is exposed to several security threats that we need to mitigate. Security is crucial to Tryg and essential for us to secure our business. A high security level creates a safe workplace as well as the basis for a successful and adaptive business. This includes cyber security, as we are dependent on well-functioning IT systems to perform our work and run our business. This was especially important during 2020, as most of our employees had to work from home for long periods of time.

To uphold our security level, we test our employees in their knowledge of our security rules once a year, including rules on cyber security, confidential material, press enquiries and access to our offices.

Data

Tryg deals with personal data on a daily basis, and it is of high priority to us that our customers' personal data are stored and handled in a lawful, secure and compliant manner. Through our personal data policy, we seek to create transparency for our customers on how we collect, process and use their personal data.

Download Personal data policy

We require all new employees to do a mandatory e-learning programme on GDPR and IT security as part of their onboarding programme. Over the course of the year, all new employees completed the online training.

Data ethics

The use of data, including personal data, is essential for Tryg's business model. Hence, using data in a responsible and ethical way is a key issue for us.

Our data ethical principles form part of Tryg's Code of Conduct, are based on industry standards in the form of the Danish trade association,

Insurance & Pension Denmark's Data Ethical Codex, relevant legal requirements as well as internationally agreed standards, and outline three main principles.

- Through transparency we communicate our use of data.
- We care for personalisation and prevention.
- We strive to ensure a strong data security.

Read more about data ethics on ***pages 25-26*** in our Corporate Responsibility report

Whistleblower cases

Tryg's whistleblower hotline is available for all its stakeholders to report violations or potential violations of our Code of Conduct or other issues falling within the scope of Tryg's whistleblower hotline and is reviewed by the chair of the Audit Committee, assisted by Tryg's Legal and Compliance Director. In 2020, two cases were reported and investigated compared to three cases in 2019. One case led to a warning.

Read more about Tryg's whistleblower hotline

Responsible investments

Tryg wants to ensure that its assets are invested in a responsible manner. Our materiality assessment has identified responsible investment as a material issue to Tryg, as we are at risk of violating international standards when investing. Tryg wants to be transparent about its efforts to mitigate this risk.

Ethical screening process

In 2020, we updated our responsible investment policy to reflect our focus on especially climate-related and environmental issues as material for our investments. Our manager selection process focusses on choosing external portfolio managers with a similar responsible mindset as Tryg. However, a screening of our holdings is carried out each year based on controversial behaviour and controversial weapons to ensure that individual holdings do not deviate from expectations. Furthermore, we have formulated a formal escalation process, which guides the process after a screening of investments.

In 2020, the screening led to three companies being flagged for controversial behaviour. In line with the escalation process, dialogue was initiated with the relevant external managers, which have yielded satisfactory explanations and actions. Thus, no companies were excluded.

Download Responsible investment policy
Download Process for ethical screening

Active source management

Tryg's initiatives on active ownership are primarily directed towards managing and monitoring its external managers' responsible investment processes. The process related to ensuring compliance by external managers with Tryg's responsible investment policy is called Active source management. Our primary focus is selecting external managers who share our principles and have policies in place to ensure that investments are managed responsibly. External asset managers are UN PRI signatories or in the process of becoming signatories and are expected to incorporate ESG considerations in their investment processes.

Download Policy for execution of active ownership

Climate risk and carbon footprint monitoring

To mitigate risk in Tryg's investment portfolio, we monitor the carbon footprint and climate risk associated with our investments. We currently monitor our equity portfolio and parts of our credit bond portfolio and focus especially on transition risks and opportunities that arise from the transition to a low-carbon economy. Our equity portfolio is characterised by having a low exposure to climate transition risks.

Responsible supply chain management

Tryg is committed to driving positive environmental and social progress and impact in the societies, in which we operate and to respect human rights as described in the Universal Declaration of Human Rights. Our commitment is enforced through our signatory membership of the UN Global Compact and is outlined in our Corporate Responsibility policy as well as in Tryg's Code of Conduct and Supplier Code of Conduct.

Our materiality assessment indicates that there is a risk of violations of human and labour rights in our supply chain through our outsourcing activities. To mitigate any violations, we actively monitor our outsourcing suppliers for compliance with the Ten Principles outlined in the UN Global Compact.

In 2020, we strengthened our commitment by updating our Code of Conduct regarding suppliers and partners, implemented a Supplier Code of Conduct and designed a systematic follow-up procedure via an external supplier evaluation platform provider.

Our new Supplier Code of Conduct sets out minimum requirements for our suppliers and partners to operate in accordance with responsible business principles and in full compliance with all applicable laws and regulations.

With the implementation of a new external platform for the evaluation of suppliers on sustainability performance in 2020, we initiated an enhanced systematic ESG risk-screening and supplier performance evaluation process of our suppliers.

Download Supplier Code of Conduct

Corporate Responsibility strategy 2023
Tryg's new Corporate Responsibility strategy for 2023, 'Driving sustainable impact', is based on, how Tryg as a company and the employees can contribute to a more sustainable society, and how Tryg can support suppliers and help our customers to make more sustainable choices. The strategy is characterised by a strategic, commercial and holistic approach, the purpose of which is to integrate sustainability into every corner of the company. Hence, the strategy rests on three pillars: Responsible company, Green workplace and Sustainable insurance. For each strategic pillar, we have set ambitious targets for both 2023 and 2030, as we want to contribute to an actual and measurable impact as well as monitor progress.

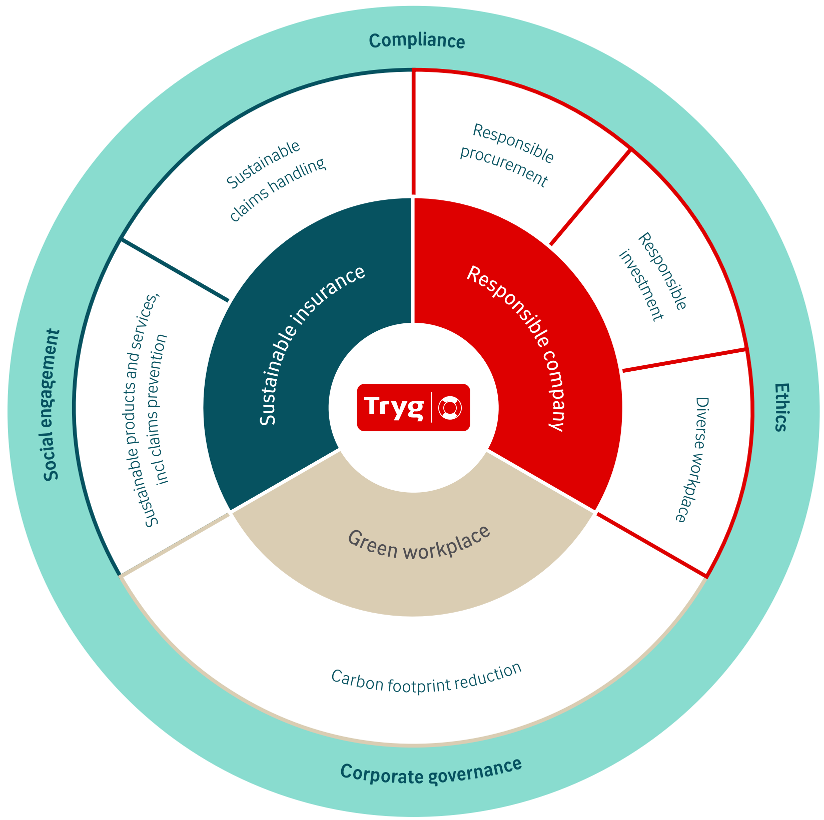
The strategic pillar, Responsible company, focuses on how Tryg can raise the bar for its work with responsible procurement, responsible investment as well as diversity and inclusion. We seek to reduce the carbon intensity of our equity portfolio by at least 50% in 2030 compared to 2020. Also, we want to contribute to the green transition by divesting all our investments in fossil fuel production companies with no strategy for a green transition before 2030.

Tryg wants to be a green workplace and have set the target of achieving carbon neutrality in 2023 in relation to the carbon emissions deriving from scope 1, scope 2 and from waste, air and train travel in scope 3*. We want to reduce our carbon footprint by 30% in 2023 and 50% in 2030 compared to 2019 and will compensate for the rest of our carbon emissions. However, our goal is to compensate less and reduce more over time.

The strategic pillar Sustainable insurance focuses on how Tryg can support and motivate its customers on their own sustainability journey by offering sustainable products and services as well as incorporating sustainability in our claims handling process. Our ambition is to increase our sustainable claims spend by 20% compared to 2020 and achieve a total CO_2 reduction effect of 10,000-15,000 tonnes of CO_2 in 2023 through climate-friendly claims handling.

Read more about Tryg's Corporate Responsibility strategy 2023 on ***pages 31-34*** in our Corporate Responsibility report

Corporate Responsibility strategy 2023



Tryg has published an independent Corporate Responsibility report with extended Environmental, Social and Governance (ESG) data.

Download the report

* Tryg's carbon emission reduction targets are based on the Greenhouse Gas Protocol Initiative (GHG Protocol).

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Tryg's Group consolidated financial statements are prepared in accordance with IFRS

Tryg Group

Tryg A/S (parent company)

Reporting for Q4

Information

Statement by the Supervisory Board and the Executive Board

The Supervisory Board and the Executive Board have today considered and adopted the annual report for 2020 of Tryg A/S and the Tryg Group.

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the additional Danish disclosure requirements of the Danish Financial Business Act on annual reports prepared by listed financial services companies and the requirements of NASDAQ Copenhagen for the presentation of the financial statements of listed companies. The annual report of the parent company is prepared in accordance with the executive order on financial reports presented by insurance companies and lateral pension funds issued by the Danish FSA.

In our opinion, the accounting policies applied are appropriate, and the annual report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2020 and of the results of the Group's and the parent company's operations and the cash flows of the Group for the financial year 1 January - 31 December 2020.

Furthermore, in our opinion the management's review gives a true and fair view of developments in the activities and financial position of the Group and the parent company, the results for the year and of the Group's and the parent company's financial position in general and describes significant risk and uncertainty factors that may affect the Group and the parent company.

We recommend that the annual report be adopted by the shareholders at the annual general meeting.

Ballerup, 26 January 2021

Executive Board

Morten Hübbe
Group CEO

Barbara Plucnar Jensen
Group CFO

Lars Bonde
Group COO

Johan Kirstein Brammer
Group CCO

Supervisory Board

Jukka Pertola
Chairman

Torben Nielsen
Deputy Chairman

Elias Bakk

Gert Ove Mikkelsen

Charlotte Dietzer

Karen Bladt

Claus Wistoft

Ida Sofie Jensen

Lene Skole

Tina Snejbjerg

Mari Thjømøe

Carl-Viggo Östlund

Independent auditor's report

To the shareholders of Tryg A/S

Opinion
We have audited the consolidated financial statements and the parent financial statements of Tryg A/S for the financial year 1 January to 31 December 2020, pages 54-113, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including the summary of significant accounting policies, for the Group as well as the Parent and the consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed financial companies, and the parent financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2020 and of its financial performance and cash flows for the financial year 1 January to 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for financial companies.

Also, in our opinion, the parent financial statements give a true and fair view of the financial position of the Parent at 31 December 2020 and of its financial performance for the financial year 1 January to 31 December 2020 in accordance with the Danish Financial Business Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the IESBA Code of Ethics for Professional Accountants and additional requirements appli-

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 1 January to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Claims provisions
Management's estimates of the claims provisions are based on actuarial methods and involve complex statistical methods as well as estimates of future events. Changes in methods and assumptions may result in a material impact on the size of the claims provisions. Consequently, the audit of the claims provisions is considered a key audit matter.

The claims provisions amount to DKK 24,957m at 31 December 2020 (DKK 24,859 m in 2019).

Management has specified the risks etc. related to the estimates of the claims provisions in note 1 "Risk and capital management" on pages 60-69 and in "Accounting policies", note 29 on pages 99-106. The principles of estimating the claims provisions have been specified in "Accounting policies", note 29 on page 105, and further specified in note 1 on pages 63-66 and in note 19 on pages 90-91.

The estimates of the claims provisions depend on accurate and complete insurance data of current and historical claims, including the development in claims and payment patterns, as these data are used to establish the expectations for future claims for the purpose of the statistical models.

How the matter was adressed in the audit
- Assessment and test of controls related to the processes of claims handling and the recognition and measurement of provisions for known claims.
- In cooperation with our own internationally qualified actuaries, we have tested controls related to the actuarial estimates of the claims provisions of selected lines of business.
- We have tested the accuracy and the completeness of the data that are included in the actuarial estimates of the claims provisions.
- In cooperation with our own internationally qualified actuaries and based on our knowledge of the industry, experience and historical observations, we have assessed the statistical models applied to estimate the claims provisions and we have tested significant estimates and assumptions focusing on consistency and possible changes.
- Based on the actuarial estimates of the claims provisions and analyses, and in cooperation with our own internationally qualified actuaries, we have assessed the development in the claims provisions, including run-off gains/losses and the development in the size of the margin included in Management's estimate of the claims provisions.

The most important assessments and assumptions of future events relate to:
- Estimated future claims payments, which are based on the completeness and the accuracy of historical claims and payment patterns, among other factors.
- Expectations for future inflation.
- Determination of the margin included in Management's estimate of the claims provisions to address the uncertainty related to the actuarial estimates.

cable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of Tryg A/S on 28 January 2002 for the financial year 2002 as part of the formation of the Company. However, we have been the appointed auditors of the underlying subsidiaries since before 1995. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of more than 19 years up to and including the financial year 2020.

Statement on the management's review
Management is responsible for the management's review.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management's review and, in doing so, consider whether the management's review is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the management's review is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement of the management's review.

Management's responsibilities for the consolidated financial statements and the parent financial statements
Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed financial companies, and for the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Business Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in the preparation of the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Parent or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

As part of an audit in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in the preparation of the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

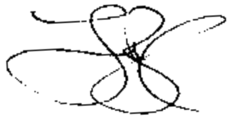
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 26 January 2021

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56



JENS RINGBÆK
State Authorised Public Accountant,
MNE no 27735

KASPER BRUHN UDAM
State Authorised Public Accountant,
MNE no 29421

Financial highlights

DKKm	2020	2019	2018	2017	2016
NOK/DKK, average rate for the period	69.63	75.80	77.53	79.99	80.09
SEK/DKK, average rate for the period	70.95	70.62	72.67	77.24	78.93
Gross premium income	**22,653**	**21,741**	**18,740**	**17,963**	**17,707**
Gross claims	-15,437	-14,857	-12,636	-11,865	-11,619
Total insurance operating costs	-3,202	-3,081	-2,704	-2,516	-2,737
Profit/loss on gross business	4,014	3,803	3,400	3,582	3,351
Profit/loss on ceded business	-499	-566	-624	-779	-951
Insurance technical interest, net of reinsurance	-20	1	-10	-14	-10
Technical result	**3,495**	**3,237**	**2,766**	**2,789**	**2,390**
Investment return after insurance technical interest	311	579	-332	527	987
Other income and costs	-265	-188	-172	-77	-157
Profit/loss before tax	**3,541**	**3,628**	**2,262**	**3,239**	**3,220**
Tax	-768	-783	-529	-720	-748
Profit/loss on continuing business	**2,773**	**2,845**	**1,733**	**2,519**	**2,472**
Profit/loss on discontinued and divested business after tax	0	-2	-2	-2	-1
Profit/loss	**2,773**	**2,843**	**1,731**	**2,517**	**2,471**
Run-off gains/losses, net of reinsurance	1,145	1,194	1,221	972	1,239
Statement of financial position					
Total provisions for insurance contracts	32,488	32,224	31,948	30,018	31,527
Total reinsurers' share of provisions for insurance contracts	1,377	1,501	1,415	1,366	2,034
Total equity	12,264	12,085	11,334	12,616	9,437
Total assets	60,916	59,059	56,545	51,367	49,861
Key ratios					
Gross claims ratio	68.1	68.3	67.4	66.1	65.6
Net reinsurance ratio	2.2	2.6	3.3	4.3	5.4
Claims ratio, net of ceded business	70.3	70.9	70.7	70.4	71.0
Gross expense ratio	14.1	14.2	14.4	14.0	15.7
Combined ratio	**84.5**	**85.1**	**85.1**	**84.4**	**86.7**
Operating ratio	84.6	85.1	85.2	84.5	86.5
Relative run-off gains/losses	4.9	5.1	5.4	4.1	5.5
Return on equity after tax (%)	22.5	24.6	14.9	28.8	26.2

Note: Tryg´s acquisition of Alka affects the Financial Statement from closing the 8 November 2018.

Income statement

Note	DKKm	2020	2019
Note	**General insurance**		
	Gross premiums written	23,652	22,563
	Ceded insurance premiums	-1,552	-1,259
	Change in premium provisions	-187	-143
	Change in reinsurers' share of premium provisions	85	38
3	**Premium income, net of reinsurance**	**21,998**	**21,198**
4	**Insurance technical interest, net of reinsurance**	**-20**	**1**
	Claims paid	-15,542	-15,419
	Reinsurance cover received	987	388
	Change in claims provisions	105	562
	Change in the reinsurers' share of claims provisions	-187	40
5	**Claims, net of reinsurance**	**-14,637**	**-14,429**
	Bonus and premium discounts	**-812**	**-679**
	Acquisition costs	-2,532	-2,458
	Administration expenses	-669	-623
	Acquisition costs and administration expenses	-3,202	-3,081
	Reinsurance commissions and profit participation from reinsurers	170	227
6	**Insurance operating costs, net of reinsurance**	**-3,032**	**-2,854**
2	**Technical result**	**3,495**	**3,237**

Note	DKKm	2020	2019
Note	**Investment activities**		
14	Profit/Loss from associates	-47	-10
	Income from investment property	49	58
7	Interest income and dividends	506	534
8	Value adjustments	110	457
7	Interest expenses	-126	-178
	Administration expenses in connection with investment activities	-145	-117
	Total investment return	**348**	**744**
4	Return on insurance provisions	-37	-166
	Total investment return after insurance technical interest	**311**	**579**
	Other income	88	168
9	Other costs	-354	-356
	Profit/loss before tax	**3,541**	**3,628**
10	Tax	-768	-783
	Profit/loss on continuing business	**2,773**	**2,845**
	Profit/loss on discontinued and divested business	0	-2
	Profit/loss for the year	**2,773**	**2,843**
24	Earnings per share, DKK	9.19	9.42

Statement of comprehensive income

DKKm		2020	2019
Note	**Profit/loss for the year**	**2,773**	**2,843**
	Other comprehensive income		
	Other comprehensive income which cannot subsequently be reclassified as profit or loss		
	Actuarial gains/losses on defined-benefit pension plans	-68	-76
	Tax on actuarial gains/losses on defined-benefit pension plans	6	19
		-62	-57
	Other comprehensive income which can subsequently be reclassified as profit or loss		
	Exchange rate adjustments of foreign entities for the year	-51	32
	Hedging of currency risk in foreign entities for the year	127	-19
	Tax on hedging of currency risk in foreign entities for the year	-28	4
		48	18
	Total other comprehensive income	**-14**	**-39**
	Comprehensive income	**2,759**	**2,804**

Statement of financial position

Note	DKKm	2020	2019
Note	**Assets**		
11	**Intangible assets**	**7,124**	**7,364**
	Operating equipment	147	155
	Owner-occupied property	630	730
12	**Total property, plant and equipment**	**777**	**885**
13	**Investment property**	**1,117**	**1,151**
14	Equity investments in associates	16	0
	Total investments in associates	**16**	**0**
	Equity investments	2,611	1,223
	Unit trust units	6,878	6,916
	Bonds	34,339	34,896
	Other lending	80	75
	Derivative financial instruments	1,840	1,128
	Total other financial investment assets	**45,748**	**44,239**
15	**Total investment assets**	**46,881**	**45,390**
	Reinsurers' share of premium provisions	291	216
19	Reinsurers' share of claims provisions	1,087	1,285
16	**Total reinsurers' share of provisions for insurance contracts**	**1,377**	**1,501**
	Receivables from policyholders	1,674	1,727
	Total receivables in connection with direct insurance contracts	1,674	1,727
	Receivables from insurance enterprises	270	240
	Other receivables	685	588
15	**Total receivables**	**2,628**	**2,555**
17	Current tax assets	51	52
	Cash at bank and in hand	1,390	868
	Other	1	1
	Total other assets	**1,442**	**921**
	Interest and rent receivable	131	147
	Other prepayments and accrued income	555	296
	Total prepayments and accrued income	**686**	**443**
	Total assets	**60,916**	**59,059**

Note	DKKm	2020	2019
Note	**Equity and liabilities**		
18	**Equity**	**12,264**	**12,085**
1	**Subordinate loan capital**	**2,801**	**2,875**
19	Premium provisions	6,036	5,996
19	Claims provisions	24,957	24,859
	Provisions for bonuses and premium discounts	1,495	1,370
	Total provisions for insurance contracts	**32,488**	**32,224**
20	Pensions and similar obligations	130	303
21	Deferred tax liability	851	911
22	Other provisions	57	86
	Total provisions	**1,038**	**1,300**
	Debt relating to direct insurance	516	577
	Debt relating to reinsurance	56	252
	Amounts owed to credit institutions	1,191	711
	Debt relating to repos	3,259	2,601
15	Derivative financial instruments	897	800
23	Debt to group undertakings	0	300
17	Current tax liabilities	357	125
23	Other debt	5,979	5,178
	Total debt	**12,255**	**10,543**
	Accruals and deferred income	**69**	**33**
	Total equity and liabilities	**60,916**	**59,059**

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Statement of changes in equity

DKKM	Share capital	Reserve for exchange rate adjustment	Other reserves[a)]	Retained earnings	Proposed dividend	Non-controlling interest	Total
Equity at 31 December 2019	**1,511**	**-23**	**1,677**	**7,906**	**1,013**	**1**	**12,085**
2020							
Profit/loss for the year			29	629	2,115		2,773
Other comprehensive income		48		-62			-14
Total comprehensive income	0	48	29	567	2,115	0	2,759
Dividend paid					-2,599		-2,599
Dividend own shares				4			4
Purchase and sale of own shares				-13			-13
Share based payments				29			29
Total changes in equity in 2020	**0**	**48**	**29**	**586**	**-484**	**0**	**179**
Equity at 31 December 2020	**1,511**	**25**	**1,706**	**8,492**	**529**	**1**	**12,264**
Equity at 31 December 2018	**1,511**	**-41**	**1,617**	**7,748**	**499**	**0**	**11,334**
2019							
Profit/loss for the year			60	230	2,553		2,843
Other comprehensive income		18		-57			-39
Total comprehensive income	0	18	60	173	2,553		2,804
Dividend paid					-2,040		-2,040
Dividend, own shares				1			1
Purchase and sale of own shares				-43			-43
Share based payments				27			27
Non-controlling interest						1	1
Total changes in equity in 2019	**0**	**18**	**60**	**158**	**514**	**1**	**751**
Equity at 31 December 2019	**1,511**	**-23**	**1,677**	**7,906**	**1,013**	**1**	**12,085**

Proposed dividend per share is calculated as the total dividend proposed by the Supervisory Board after the end of the financial year divided by the total number of shares at the end of the year (302,147,991 shares).

The possible payment of dividend from Tryg Forsikring A/S to Tryg A/S is influenced by contingency fund provisions of DKK 1,706m (DKK 1,677m in 2019). The contingency fund provisions can be used to cover losses in connection with the settlement of insurance provisions or otherwise for the benefit of the insured.

a) Other reserves contains Norwegian Natural Perils Pool and contingency fund provisions.

Cash flow statement

Note	DKKm	2020	2019
Note	**Cash flow from operating activities**		
	Premiums	22,884	21,736
	Claims	-15,400	-15,557
	Ceded business	-634	-651
	Costs	-2,961	-3,210
	Change in other debt and other amounts receivable	468	1,849
	Cash flow from insurance activities	**4,358**	**4,167**
	Interest income	359	467
	Interest expenses	-126	-169
	Dividend received	66	24
	Taxes	-599	-827
	Other income and costs	-126	-31
	Total cash flow from operating activities	**3,932**	**3,631**
	Cash flow from investment activities		
	Sale of property	13	357
	Purchase/sale of equity investments and unit trust units (net)	-5,502	49
	Purchase/sale of bonds (net)	4,339	-1,978
	Purchase/sale of operating equipment (net)	-37	-69
	Sale of associates	0	246
	Hedging of currency risk	48	18
	Total cash flow from investment activities	**-1,139**	**-1,376**
	Cash flow from financing activities		
	Sharebased payments/purchase of own shares (net)	-13	-43
	Dividend paid	-2,599	-2,040
	Change in lease liabilities	-139	-147
	Change in amounts owed to credit institutions	480	217
	Total cash flow from financing activities	**-2,271**	**-2,013**

DKKm	2020	2019
Change in cash and cash equivalents, net	**522**	**241**
Exchange rate adjustment of cash and cash equivalents, 1 January	0	-1
Change in cash and cash equivalents, gross	**522**	**241**
Cash and cash equivalents at 1 january	868	627
Cash and cash equivalents at 31 December	**1,390**	**868**

Liabilities arising from financing activities

2020	Subordinated loans	Amounts owed to credit institutions	Total
Carrying amount at 1 January	2,875	711	3,586
Exchange rate adjustments	-76	0	-76
Amortisation	2	0	2
Cash flow	0	480	480
Carrying amount at 31 December	**2,801**	**1,191**	**3,992**
2019			
Carrying amount at 1 January	2,868	494	3,362
Exchange rate adjustments	6	0	6
Amortisation	2	0	2
Cash flow	0	217	217
Carrying amount at 31 December	**2,875**	**711**	**3,586**

Notes

1 Risk and capital management

Risk management in Tryg

The Supervisory Board defines the basis for the risk appetite through the business model and the current strategy. The Supervisory Board has regulated the management of risk activities through policies and guidelines to the business supported by underlying business processes and a power of attorney structure. The company's risk management forms the basis for the risk profile being in line with the specified risk appetite at all times. Tryg's risk profile is continuously measured, quantified and reported to the management and the Supervisory Board.

In Tryg, we have adopted a three lines of defence governance model across the organisation. This is to ensure robust governance and effective communication between the business areas, key functions and internal audit as well as reporting to the Supervisory Board and the Supervisory Board's Risk Committee ("RiU").

1st line of defence is the Business Management

2nd line of defence is Compliance-, Actuarial- and Risk Management function

3rd line of defence is Internal Audit and Internal Audit function

The 1st line consists of the Business Management: The business areas are responsible for the daily risk management and for carrying out every day work based on Tryg's policies and instructions regarding the management of risks and are responsible for being compliant with both internal and external requirements. This means that there must be procedures and guidelines in place for vital areas, and that internal controls are carried out in such a way that risks are identified in a timely manner and necessary risk mitigation activities are implemented.

The 2nd line consists of the Compliance, Actuarial and Risk Management function: The compliance function has the overall responsibility for overseeing and monitoring compliance with applicable laws and legislation as well as internal policies and guidelines. The key responsibility of the actuarial function is to ensure and assess the adequacy of the provisions. The risk management function is responsible for the facilitation, monitoring and implementation of effective risk management practices and reporting of adequate risk-related information throughout the organisation. The risk management function ensures a consistent approach to risk identification across the organisation, risk assessment of the most significant risks at Group level and reporting to the Supervisory Board.

The risk management function consists of a Group risk management department and decentralized risk

What risk profile does Tryg want?

- Business model
- Strategy
- Policies

How is this supported?

Tactically

- Policies
- Capital plan
- Contingency plan

Operationally

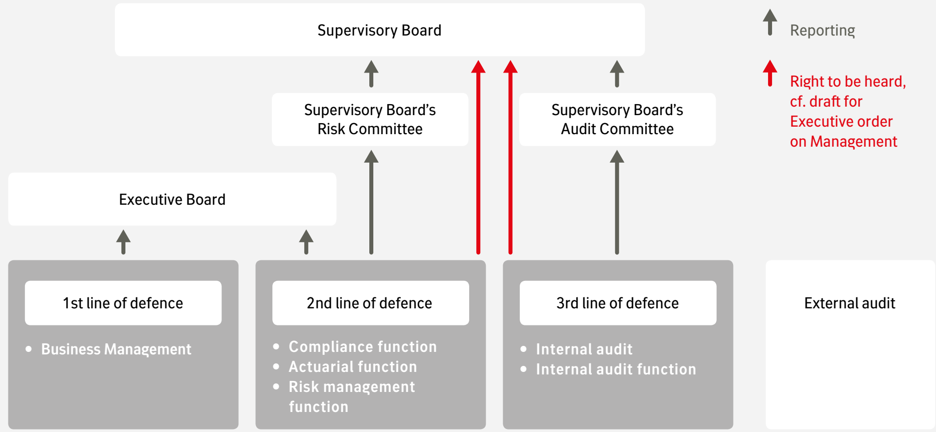
- Frameworks
- Limitations
- Instructions
- Allocated capital
- Contingency plans

How is the actual risk profile measured?

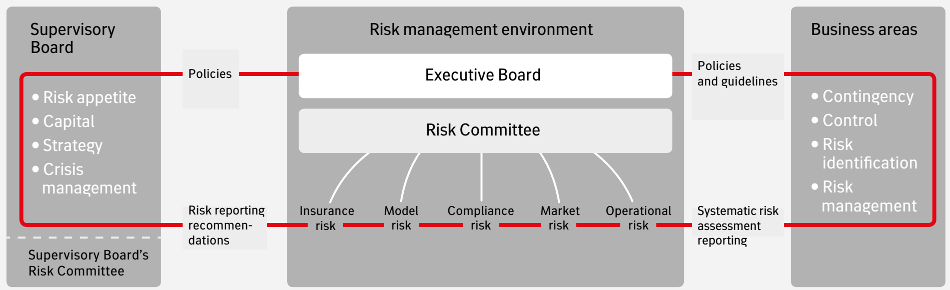
Tactically

- Risk reports
- Internal controls
- Capital model
- Stress tests
- Reassurance

Lines of defence



Tryg's risk management environment



Notes

managers in the individual business areas. The decentralized risk managers are anchored in the respective business areas, and also have a dotted reporting line into the Group risk management. The decentralized risk managers are responsible for carrying out the activities of the risk management function in their respective business areas including the monitoring and reporting of second line internal controls.

Furthermore, the function prepares specific recommendations in relation to capital management, reinsurance, investment risk management and more. Tryg's risk management function is also responsible for determining the company's solvency capital requirement.

The functions in the second line of defence must have an overview of business processes and risks across the organisation.

The 3rd line consists of internal audit: The third line must ensure an independent and objective audit of the organization's internal controls, risk management and governance processes. Internal audit reports independently to the Supervisory Board and to its Audit Committee.

The Supervisory Board has organised their own Risk Committee consisting of 4 members of the Supervisory Board. In addition to these 4 members, the Chief Financial Officer, Chief Risk Officer and the General Counsel (in Capacity as overseeing the Compliance function) are part of the Committee. The Supervisory Board's Risk Committee was established to ensure that all risk and capital related topics are discussed thoroughly before discussed in the Supervisory Board. The Supervisory Board meets minimum 4 times annually.

Capital management

Tryg's capital management is based on the key business objectives:

- A solid capital base, supporting both the statutory requirements and a single 'A' rating from Moody's.
- Support of a steadily increasing nominal dividend per share, with a payout ratio in the interval 60-90%.

Tryg's capital base currently consist of Tier 1 and 2 capital, such as shareholders' equity and subordinated loans.

See table Subordinate loan capital on ***page 68***.

The capital base is continuously measured against the capital requirement calculated on the basis of Tryg's partial internal model, where insurance risks are modelled using an internal model, while other risks are described using the standard formula.

The model calculates Tryg's capital requirement with 99.5% solvency level with a 1-year horizon, which means that Tryg will be able to fulfil its obligations in 199 out of 200 years. The partial internal model has been used for a number of years, and was approved by the Danish Financial Supervisory Authority (DFSA) in December 2015. A major model change was approved by DFSA in April 2020.

Monitoring of the capital base also involves capital projections based on expected business plans within the strategic planning period and stress on selected scenarios.

Company's Own Risk and Solvency Assessment (ORSA)

ORSA is the company's own risk assessment based on the Solvency II principles, which implies that Tryg must assess all material risks that the company is or may be exposed to. The ORSA report also contains an assessment of whether the calculation of solvency capital requirement is reasonable and is reflecting Tryg's actual risk profile.

Tryg's risk activities are implemented via continuous risk management processes, where the main results are reported to the Supervisory Board and its Risk Committee during the year. Therefore, the ORSA report is an annual summary document assessing all these processes.

Insurance risk

Insurance risk comprises two main types of risks: Underwriting risk and reserving risk.

Underwriting risk

Underwriting risk is the risk that insurance premiums will not be sufficient to cover the compensations and other costs associated with the insurance business. Underwriting risk is managed primarily through the company's insurance policy defined by the Supervisory Board, and administered through business procedures, underwriting guidelines etc. Underwriting risk is assessed in Tryg's capital model, determining the capital impact from insurance products.

Reinsurance is used to reduce the underwriting risk in situations where this cannot be achieved to a sufficient degree via ordinary diversification. In case of major events involving damage to buildings and contents, Tryg's reinsurance programme provides protection for up to DKK 7.25bn, which statistically is sufficient to cover at least a 250-year event. Retention for such events is DKK 182.5m.

In the event of a frequency of natural disasters, Tryg is covered for up to DKK 600m, after total annual retention of DKK 300m. Tryg has also taken out reinsurance for the risk of large claims occurring in sectors with very large sums insured. Tryg's largest individual building and contents risks are covered by up to DKK 2bn. Retention for large claims is DKK 100m, gradually dropping to DKK 25m. Single risks exceeding DKK 2bn are covered individually.

Tryg has combined the minimum cover of other sectors into a joint cover with retention of DKK 100m for the first claim and DKK 25m for subsequent claims. For the individual sectors, individual cover has subsequently been taken out as needed. The use of reinsurance creates a natural counterparty risk. This risk is handled by applying a wide range of reinsurers with a suitable rating and adequate capital level as defined by the Supervisory Board.

Reserving risk

Reserving risk relates to the risk of Tryg's insurance provisions being inadequate. The Supervisory Board lays down the overall framework for the handling of reserving risk in the insurance policy, while the overall risk is measured in the capital model. The uncertainty associated with the calculation of claims reserves affects Tryg's results through the run-off on reserves.

Long-tailed reserves in particular are subject to interest rate and inflation risk. Interest rate risk is hedged by means of Tryg's match portfolio which corresponds to the discounted claims reserves. In order to manage the inflation risk of Danish workers' compensation claims reserves, Tryg has bought zero coupon inflation swaps. Tryg determines the claims reserves via statistical methods as well as individual assessments.

At the end of 2020, Tryg's claims reserves net of reinsurance totalled DKK 23.870m with an average duration of approximately 4,6 years.

Investment risk

The overall framework for managing investment risk is defined by the Supervisory Board in Tryg's investment policy. In overall terms, Tryg's investment portfolio is divided into a match portfolio and a free portfolio. The match portfolio corresponds to the value of the discounted claims reserves and is designed to hedge the interest rate sensitivity of these as closely as possible. Tryg carries out daily monitoring, follow-up and risk management of the Group's interest rate risk. The swap and bond portfolio is thus adjusted continuously to minimise the net interest rate risk.

In 2021, the first steps toward phasing out IBOR-rates will start. For Tryg this has a small impact on existing as well as on new interest rate swaps used for hedging the interest rate risk. Shortly said: Euribor / Eionia – rates will be replaced by a ESTR-rate. The change of IBOR rates is expected to imply that Euribor in existing contracts will be measured as ESTR plus af fixed interest rate spread. Future contracts will incorporate ESTR rates instead of Euribor.

The corresponding development in Denmark/Norway has justed started for instance Cibor is supposed to change to DESTR, but this will happen later since the preliminary study of this will starts in the beginning of 2021.

Notes

The free portfolio is subject to the framework defined by the Supervisory Board through the investment policy. The purpose of the free portfolio is to achieve the highest possible return relative to risk. Tryg's property portfolio constitutes the company's largest investment risk. The Property portfolio comprises investment properties, the value of which is adjusted based on the conditions on the property market through internal valuations backed by external valuations. At the end of 2020, investment properties accounted for 6.75% (including property funds) and Tryg's equity portfolio accounted for 6.12% of the total investment assets.

Tryg does not want to speculate in foreign currency, but since Tryg invests and operates its insurance business in other currencies than Danish kroner, Tryg is exposed to currency risk. Tryg is primarily exposed to fluctuations in the other Scandinavian currencies due to its ongoing insurance activities. Premiums earned and claims paid in other currencies create a natural currency hedge, for which reason other risk mitigation measures are not required in this area. However, the part of equity held in other currencies than Danish kroner will be exposed to currency risk. This risk is hedged on an ongoing basis using currency swaps.

In addition to the above-mentioned risks, Tryg is exposed to credit, counterparty and concentration risk. These risks primarily relate to exposures in high-yield bonds, emerging market debt exposures as well as Tryg's investments in AAA-rated Nordic and European government and mortgage bonds. These risks are also managed through the investment policy and the framework for reinsurance defined in the insurance policy.

For a non-life insurance company like Tryg, liquidity risk is practically non-existent, as premium payments fall due before claims payments. The only significant assets on Tryg's balance sheet, which by nature is somewhat illiquid, are the property portfolio.

Operational risk

Operational risk relates to errors or failures in internal procedures, fraud, breakdown of infrastructure, IT security and similar factors. As operational risks are mainly internal, Tryg focuses on an adequate control environment for its operations. In practice, this work is organised by means of procedures, controls and guidelines covering the various aspects of the Group's operations. The Supervisory Board defines the overall framework for managing operational risk in Tryg's Operational risk policy and in the Information Security Policy.

A special crisis management structure is set up to deal with the eventuality that Tryg is hit by major crises. This comprises a Crisis Management Team at Group level, national contingency teams at country level and finally business contingency teams in the individual areas. Tryg has prepared contingency plans to address the most important areas. In addition, comprehensive IT contingency plans have been established, primarily focusing on the business critical systems.

Other risks

Strategic risk

The strategic risk is the risk of loss as a result of Tryg's chosen strategic position. The strategic position covers both business transactions, IT strategy, choice of business partners and changed market conditions. Tryg's strategic position is determined by Tryg's Supervisory Board in close collaboration with the Executive Board. Before determining the strategic position, the strategic decisions are subject to a risk assessment, explaining the risk of the chosen strategy to Tryg's Supervisory Board and Executive Board.

Compliance risk

Compliance risk is the risk of loss as a result of lack of compliance with rules, regulations, market standards or internal guidelines. The handling of compliance risk is coordinated centrally via the Compliance function, which, among other things, sits on industry committees in connection with legislative monitoring, ensures implementation of regulation in Tryg through business procedures, provides ongoing training in compliance matters and performs compliance controls within the organisation. Compliance risks and the result of the

Sensitivity analysis

DKKm	2020	2019
Insurance risk		
Effect of 1% change in:		
Combined ratio (1% percentage point)	+/-226	+/- 217
Major events	-100	-100
Catastrophe event up to DKK 7,250m	-183	-168
Reserving risk		
1% change in inflation on person-related lines of business [a]	+/- 411	+/- 412
10% error in the assessment of long-tailed lines of business (workers' compensation, motor liability, liability, accident)	+/- 1,753	+/- 1,755
Investment risk		
Interest rate market		
Effect of 1 % increase in interest curve:		
Impact of interest-bearing securities	-1,159	-1,150
Higher discounting of claims provisions	1,071	1,028
Net effect of interest rate rise	-88	-122
Impact of Norwegian pension obligation [b]	2	189
Equity market		
15% decline in equity market	-471	-367
Impact of derivatives and related thereto	-11	25
Real estate market		
15% decline in real estate markets	-294	-361
Currency market		
Equity:		
15% decline in exposed currency (exclusive of EUR) relative to DKK	-1,485	-883
Impact of derivatives	1,486	898
Net impact of exchange rate decline	1	15
Technical result per year:		
Impact of 15% change in NOK and SEK exchange rates relative to DKK	+/- 121	+/- 95

a) Including the effect of the zero coupon inflation swap

b) Part of the pension obligation has been terminated as of 1 January 2020. Additional sensitivity information in note 20 'Pensions and similar obligations'.

Notes

performed compliance controls are reported to the Supervisory Board's Risk Committee.

Emerging risk

Emerging risk covers both new risks and already known risks, with changing characteristics. The management of this type of risk is handled in the individual business areas, which monitor the market and adapt the products as the conditions change. In the event of a change in insurance terms, it is ensured that Tryg's reinsurance cover is consistent with the new conditions.

Emerging risk is also a part of the systematically implemented risk identification process in Tryg.

Claims provisions – estimated accumulated claims – DKKm

Gross	2010	2011	2012	2013	2014	2015	2016	2017	2018 [a]	2019 [a]	2020 [a]	
Estimated accumulated claims												
End of year	15,157	15,504	13,076	13,501	12,334	14,307	12,504	12,392	15,151	15,868	16,657	
1 year later	15,254	15,875	13,158	13,765	12,655	14,246	12,374	14,067	15,133	15,879		
2 year later	15,209	15,939	13,116	13,426	12,478	14,204	13,843	13,976	15,109			
3 year later	15,133	15,894	12,933	13,265	12,395	15,577	13,812	13,888				
4 year later	15,047	15,722	12,680	13,245	13,704	15,512	13,794					
5 year later	14,975	15,749	12,596	14,553	13,547	15,494						
6 year later	14,952	15,617	13,786	14,341	13,289							
7 year later	14,863	17,094	13,717	14,199								
8 year later	16,077	17,169	13,620									
9 year later	15,905	16,876										
10 year later	15,829											
	15,829	16,876	13,620	14,199	13,289	15,494	13,794	13,888	15,109	15,879	16,657	164,634
Cumulative payments to date	-15,171	-16,141	-12,766	-13,294	-12,351	-14,402	-12,486	-12,270	-12,900	-12,050	-8,648	-142,478
Provisions before discounting, end of year	658	735	854	905	938	1,092	1,308	1,618	2,209	3,829	8,009	22,156
Discounting	-14	-18	-15	-19	-19	-21	-26	-28	-35	-40	-44	-281
Reserves from 2009 and prior years												3,082
Gross provisions for claims, end of year												24,957

a) The diagonal for 2018 to 2020 is affected by the Alka acquisition

The amounts in foreign currency in the table are translated to Danish kroner using the exchange rate at 31 December 2020 to prevent the impact of exchange rate fluctuations.

Notes

Claims provisions – estimated accumulated claims – DKKm

Ceded business	2010	2011	2012	2013	2014	2015	2016	2017	2018 a)	2019 a)	2020 a)	
Estimated accumulated claims												
End of year	639	1,435	209	1,123	259	2,052	195	277	599	357	706	
1 year later	714	2,105	238	1,455	306	1,857	244	382	646	434		
2 year later	705	2,226	274	1,240	299	1,890	239	376	673			
3 year later	683	2,262	268	1,233	295	1,867	238	387				
4 year later	691	2,210	256	1,250	316	1,897	234					
5 year later	695	2,204	246	1,284	313	1,910						
6 year later	697	2,209	259	1,332	314							
7 year later	689	2,595	258	1,287								
8 year later	747	2,588	332									
9 year later	746	2,588										
10 year later	746											
	746	2,588	332	1,287	314	1,910	234	387	673	434	706	9,612
Cumulative payments to date	-744	-2,589	-255	-1,219	-301	-1,884	-228	-324	-603	-274	-200	-8,620
Provisions before discounting, end of year	2	-1	77	68	13	27	6	62	71	161	506	992
Discounting	0	0	1	1	0	0	0	0	0	-1	2	2
Reserves from 2009 and prior years												93
Provisions for claims, end of year												1,087

a) The diagonal for 2018 to 2020 is affected by the Alka acquisition.

The amounts in foreign currency in the table are translated to Danish kroner using the exchange rate at 31 December 2020 to prevent the impact of exchange rate fluctuations.

Notes

Claims provisions – estimated accumulated claims – DKKm

Net of reinsurance	2010	2011	2012	2013	2014	2015	2016	2017	2018 a)	2019 a)	2020 a)	
Estimated accumulated claims												
End of year	14,517	14,070	12,866	12,378	12,075	12,255	12,309	12,115	14,551	15,511	15,951	
1 year later	14,540	13,769	12,919	12,310	12,349	12,390	12,130	13,685	14,487	15,445		
2 year later	14,504	13,713	12,842	12,186	12,180	12,314	13,604	13,600	14,436			
3 year later	14,451	13,631	12,666	12,032	12,100	13,710	13,574	13,501				
4 year later	14,357	13,512	12,424	11,995	13,388	13,615	13,560					
5 year later	14,280	13,545	12,350	13,270	13,234	13,584						
6 year later	14,255	13,408	13,528	13,009	12,975							
7 year later	14,174	14,499	13,459	12,912								
8 year later	15,330	14,581	13,288									
9 year later	15,159	14,288										
10 year later	15,083											
	15,083	14,288	13,288	12,912	12,975	13,584	13,560	13,501	14,436	15,445	15,951	155,022
Cumulative payments to date	-14,427	-13,551	-12,511	-12,075	-12,050	-12,518	-12,258	-11,946	-12,297	-11,777	-8,449	-133,858
Provisions before discounting, end of year	656	736	777	837	925	1,065	1,302	1,556	2,139	3,668	7,503	21,164
Discounting	-14	-18	-16	-20	-19	-22	-26	-28	-35	-39	-46	-281
Reserves from 2009 and prior years												2,988
Provisions for claims, net of reinsurance, end of the year												23,871

a) The diagonal for 2018 to 2020 is affected by the Alka acquisition.

The amounts in foreign currency in the table are translated to Danish kroner using the exchange rate at 31 December 2020 to prevent the impact of exchange rate fluctuations.

Notes

Claims provisions (continued)

DKKm	Expected cash flow, not discounted 0-1 year	1-2 years	2-3 years	> 3 years	Total
2020					
Premium provisions, gross	5,900	74	41	21	6,036
Premium provisions, ceded	-291	0	0	0	-291
Claims provisions, gross	8,301	3,930	2,489	10,546	25,266
Claims provisions, ceded	-610	-223	-118	-135	-1,086
	13,300	**3,781**	**2,412**	**10,432**	**29,925**
2019					
Premium provisions, gross	5,851	72	45	28	5,996
Premium provisions, ceded	-216	0	0	0	-216
Claims provisions, gross	8,207	4,012	2,611	10,927	25,758
Claims provisions, ceded	-695	-226	-172	-201	-1,293
	13,147	**3,859**	**2,485**	**10,755**	**30,245**

Notes

DKKm	2020	2019
Investment risk		
The notes below are based on Tryg's investment portfolio without the external customers share.		
Bond portfolio including interest derivatives		
Duration 1 year or less	14,216	13,067
Duration 1-5 years	13,820	15,747
Duration 5-10 years	6,571	5,975
Duration more than 10 years	3,152	2,856
Total	**37,760**	**37,645**
Duration	**3.8**	**3.4**

The option adjusted duration is used to measure duration. The option adjustment relates primarily to Danish mortgage bonds and reflects the expected duration-shortening effect of the borrower's option to cause the bond to be redeemed through the mortgage institution at any point in time.

Shares	2020	2019
Nordic countries	79	250
EU ex. Nordic countries	314	566
North America	2,162	2,674
Others	643	213
Total	**3,196**	**3,702**

The share portfolio includes exposure from share derivatives of DKK 69m (DKK 167m in 2019)
Unlisted equity investments are based on an estimated market price. UK is included in EU ex. Nordic countries

Exposure to exchange rate risk

	2020			2019		
	Assets and debt	Hedge	Exposure	Assets and debt	Hedge	Exposure
USD	5,318	-5,314	3	3,762	-3,794	32
EUR [a]	2,287	-2,658	372	2,872	-1,543	1,328
GBP	230	-221	9	262	-265	4
NOK	3,740	-3,749	9	1,403	-1,446	43
SEK	497	-496	1	133	-111	22
Other	446	-454	9	324	-370	46
Total			**403**			**1,476**

a) Due to correlation between DKK and EUR the exposure limit is higher than all other currencies.

DKKm

Credit risk	2020		2019	
Bond portfolio by ratings	DKKm	%	DKKm	%
AAA	33,515	91.7	34,281	91.6
AA	274	0.8	261	0.7
A	587	1.6	692	1.8
BBB	868	2.4	1,023	2.7
BB	476	1.3	547	1.5
B or lower	828	2.3	604	1.6
Total	**36,548**	**100.0**	**37,408**	**100 .0**
Reinsurance balances				
AAA to A	969	84.5	1,242	93.3
Not rated	178	15.5	89	6.7
Total	**1,147**	**100.0**	**1,331**	**100.0**

Liquidity risk

Maturity of the Group's financial obligations including interest

2020	0-1 years	1-5 years	> 5 years	Total
Subordinate loan capital	95	382	3,756	4,233
Amounts owed to credit institutions	1,191	0	0	1,191
Debt relating to unsettled funds transactions and repos	3,259	0	0	3,259
Derivative financial instruments	281	325	359	965
Other debt	6,907	0	0	6,907
Total	**11,733**	**707**	**4,115**	**16,555**
2019				
Subordinate loan capital	108	433	3,959	4,500
Amounts owed to credit institutions	711	0	0	711
Debt relating to unsettled funds transactions and repos	2,601	0	0	2,601
Derivative financial instruments	86	496	135	717
Other debt	6,131	0	0	6,131
Total	**9,638**	**930**	**4,093**	**14,661**

Interest on loans for a perpetual term has been recognised for the first fifteen years.

Notes

Subordinate loan capital

DKKm	Bond loan NOK 800m 2020	Bond loan NOK 800m 2019	Bond loan NOK 1,400m 2020	Bond loan NOK 1,400m 2019	Bond loan SEK 1,000m 2020	Bond loan SEK 1,000m 2019
Amortised cost value of the loan recognised in statement of financial position	563	605	985	1,059	738	713
The fair value of the loan at the statement of financial position date	589	642	1,027	1,108	745	730
The fair value of the loan at the statement of financial position date is based on a price of	105	106	104	104	101	102
Total capital losses and costs at the statement of the financial position date	1	2	2	3	2	3
Interest expenses for the year	26	32	36	45	21	19
Effective interest rate	4.6%	5.3%	3.6%	4.3%	2.8%	2.6%

Loan terms:	Bond loan NOK 800m	Bond loan NOK 1,400m	Bond loan SEK 1,000m
Lender	Listed bonds	Listed bonds	Listed bonds
Principal	NOK 800m	NOK 1,400m	SEK 1,000m
Issue price	100	100	100
Issue date	March 2013	November 2015	May 2016
Maturity year	Perpetual	2045	2046
Loan may be called by lender as from	2023	2025	2021
Repayment profile	Interest-only	Interest-only	Interest-only
Interest structure	3.75 % above NIBOR 3M (until 2023) 4.75 % above NIBOR 3M (from 2023)	2.75 % above NIBOR 3M (until 2025) 3.75 % above NIBOR 3M (from 2025)	2.75 % above STIBOR 3M (until 2026) 3.75 % above STIBOR 3M (from 2026)

DKKm	Bond loan SEK 700m 2020	Bond loan SEK 700m 2019
Amortised cost value of the loan recognised in statement of financial position	516	499
The fair value of the loan at the statement of financial position date	521	501
The fair value of the loan at the statement of financial position date is based on a price of	101	100
Total capital losses and costs at the statement of the financial position date	2	2
Interest expenses for the year	14	13
Effective interest rate	2.6%	2.4%

Loan terms:	
Lender	Listed bonds
Principal	SEK 700m
Issue price	100
Issue date	April 2018
Maturity year	Perpetual
Loan may be called by lender as from	2023
Repayment profile	Interest-only
Interest structure	2.5 % above STIBOR 3M

The share of capital included in the calculation of the own funds totals DKK 2,663m (DKK 2,744m in 2019)

The loans are initially recognised at fair value on the date on which a loan is entered and subsequently measured at amortised cost.

The loans are taken by Tryg Forsikring A/S. The creditors have no option to call the loans before maturity or otherwise terminate the loan agreements. The loans are automatically accelerated upon the liquidation or bankruptcy of Tryg Forsikring A/S.

Prices used for determination of fair value in respect of the loans are based on actual traded prices from Bloomberg.

Notes

The impact of the outbreak of COVID-19

Following the outbreak of COVID-19, a period of high uncertainty and volatility has characterised financial markets developments. For that reason it has been relevant to update the valuation of level 3 investments assets in the Fair Value Hierarchy. At the same time, it has also been deemed relevant to reconfirm assumptions in the valuation of claims provisions and also how exchange rate fluctuations will affect Tryg.

Valuation of investments assets

Total financial investment assets are measured at fair value with value adjustment in the income statement. Listed bonds and shares, parts of unit trusts as well as derivative financial instruments are measured at quoted market prices or consolidated references prices at the balance sheet date.

The valuation of the investment assets can be distributed in the fair value hierarchy model, which is determined in accordance with IFRS 13. The model distributes the total investments assets based on the price at which the investment assets are set. Reference is made to note 15 for further description of the fair value hierarchy.

The main part of Tryg's investment assets are classified as level 1 and 2 and are valuated based on quoted market prices or consolidated references prices. This involves the bonds portfolio, the main part of shares and unit trust units as well as the statement of financial instruments. Assets, which can be classified as level 3, can be attributed to unlisted assets, specific unlisted Unit trusts and investment property. As these investment assets are not valued based on observable input, there will be a discretionary element in this hierarchy.

On 31 December 2020, the value amounts to DKK 1,186m (DKK 1,375m on 31 December 2019).

Claims provisions

The volatility introduced by the outbreak of COVID-19 affects some of Trygs claims provisions, particularly travel insurance but also several other insurance products due to significant changes in behavior. The effects are incorporated in Trygs reserving models. The statistical uncertainty related to these changes is insignificant compared to the total provisions and balance sheet.

Exchange rates

Tryg has business in three different Nordic countries meaning that Tryg is exposed to fluctuations in the local currencies (NOK and SEK) in regard to the financial results.

Tryg has chosen to implement a currency hedge strategy that focuses on mitigating the currencies impact on the financial results. This means that the impact on the P/L of changes in local currencies is limited.

The shareholders' equity, due to the currency hedge strategy, is not sensitive to changes in the local currencies.

Impairment of intangiblens

COVID-19 has not have any affect on the assumptions related to impairment of Goodwill, Trademarks and Brand. Reference is made to note 11 for further description on Impairment test.

Notes

DKKm	Private	Commercial	Corporate	Sweden	Other [a]	Group
2 **Operating segments**						
2020						
Gross premium income	**12,743**	**4,430**	**3,876**	**1,604**	**0**	**22,653**
Gross claims	-8,883	-2,786	-2,692	1,067	-9	-15,437
Gross operating expenses	-1,727	-758	-440	-269	-7	-3,202
Profit/loss on ceded business	-76	-147	-277	1	0	-499
Insurance technical interest, net of reinsurance	-12	-5	-2	-1	0	-20
Technical result	**2,045**	**735**	**464**	**268**	**-16**	**3,495**
Other items						-723
Profit/loss						**2,773**
Run-off gains/losses, net of reinsurance	120	336	448	249	-9	1,145
Intangible assets	5,677	60	0	533	854	7,124
Equity investments in associates					16	16
Reinsurers' share of premium provisions	50	0	240	0	0	291
Reinsurers' share of claims provisions	140	114	821	12	0	1,087
Other assets					52,398	52,398
Total assets						**60,916**
Premium provisions	2,747	1,322	984	983	0	6,036
Claims provisions	6,348	6,829	8,884	2,896	0	24,957
Provisions for bonuses and premium discounts	1,303	118	5	69	0	1,495
Other liabilities					16,164	16,164
Total liabilities						**48,651**

Description of segments
Please refer to the accounting policies for a description of operating segments.

Costs are allocated according to specific keys, which are believed to provide the best estimate of assessed resource consumption.

a) Amounts relating to one-off items. Please refer to note 2 'Geographical segments' for details. Other assets and liabilities are managed at Group level and are not allocated to the individual segments but are included under 'Other'.

Notes

DKKm	Private	Commercial	Corporate	Sweden	Other [a]	Group
2 **Operating segments (continued)**						
2019						
Gross premium income	**12,021**	**4,274**	**3,979**	**1,521**	**-54**	**21,741**
Gross claims	-8,185	-2,867	-2,816	-1,014	24	-14,857
Gross operating expenses	-1,650	-749	-415	-267	0	-3,081
Profit/loss on ceded business	-231	-94	-255	-10	23	-566
Insurance technical interest, net of reinsurance	-3	1	2	0	0	1
Technical result	**1,951**	**566**	**496**	**231**	**-7**	**3,237**
Other items						-394
Profit/loss						**2,843**
Run-off gains/losses, net of reinsurance	238	310	407	246	-7	1,194
Intangible assets	5,807	67	0	539	951	7,364
Reinsurers' share of premium provisions	42	4	170	0	0	216
Reinsurers' share of claims provisions	15	149	1,114	7	0	1,285
Other assets					50,193	50,193
Total assets						**59,059**
Premium provisions	2,691	1,351	1,035	919	0	5,996
Claims provisions	6,201	6,844	9,055	2,758	0	24,859
Provisions for bonuses and premium discounts	1,195	114	27	34	0	1,370
Other liabilities					14,750	14,750
Total liabilities						**46,974**

a) Amounts relating to eliminations and one-off items. Please refer to note 2 'Geographical segments' for details. Other assets and liabilities are managed at Group level and are not allocated to the individual segments but are included under 'Other'

Notes

DKKm	2020	2019	2018	2017	2016
2 **Geographical segments**					
Danish general insurance [a]					
Gross premium income	**14,007**	**13,204**	**10,430**	**9,606**	**9,467**
Technical result	2,707	2,606	2,007	1,783	1,587
Run-off gains/losses, net of reinsurance	633	712	710	449	509
Key ratios					
Gross claims ratio	65.2	64.7	61.2	64.2	63.7
Net reinsurance ratio	1.4	1.7	5.5	3.7	6.0
Claims ratio, net of ceded business	66.5	66.4	66.7	67.9	69.7
Gross expense ratio	13.9	13.7	13.9	13.4	13.4
Combined ratio	**80.5**	**80.1**	**80.6**	**81.3**	**83.1**
Run-off, net of reinsurance (%)	-4.5	-5.4	-6.8	-4.7	-5.4
Number of full-time employees 31 December	2,859	2,650	2,520	1,933	1,839
Norwegian general insurance					
NOK/DKK, average rate for the period	69.63	75.80	77.53	79.99	80.09
Gross premium income	**6,411**	**6,472**	**6,302**	**6,272**	**6,371**
Technical result	473	469	791	770	1,013
Run-off gains/losses, net of reinsurance	247	283	520	422	678
Key ratios					
Gross claims ratio	75.3	73.7	72.6	67.9	63.9
Net reinsurance ratio	3.4	5.1	1.2	5.3	5.1
Claims ratio, net of ceded business	78.7	78.8	73.8	73.2	69.0
Gross expense ratio	14.1	14.4	13.9	14.7	15.2
Combined ratio	**92.7**	**93.1**	**87.7**	**87.9**	**84.2**
Run-off, net of reinsurance (%)	-3.9	-4.4	-8.3	-6.7	-10.6
Number of full-time employees 31 December	1,099	1,083	1,105	1,042	1,040

a) Includes Danish general insurance and German, Dutch, Austrian and Finnish guarantee insurance. The gross premium income related those branches amounts to DKK 106m (DKK 78m in 2019).

Notes

DKKm	2020	2019	2018	2017	2016
2 **Geographical segments**					
Swedish general insurance					
SEK/DKK, average rate for the period	70.95	70.62	72.67	77.24	78.93
Gross premium income	**2,234**	**2,120**	**2,073**	**2,121**	**1,888**
Technical result	331	169	94	236	40
Run-off gains/losses, net of reinsurance	274	205	-9	101	52
Key ratios					
Gross claims ratio	65.8	74.0	82.3	69.0	76.4
Net reinsurance ratio	4.0	2.0	-1.7	5.0	3.3
Claims ratio, net of ceded business	69.9	75.9	80.6	74.0	79.7
Gross expense ratio	15.3	16.1	14.6	14.5	17.8
Combined ratio	**85.1**	**92.0**	**95.2**	**88.5**	**97.5**
Run-off, net of reinsurance (%)	-12.3	-9.7	0.4	-4.8	-2.8
Number of full-time employees 31 December	441	419	402	398	385
Other [a]					
Gross premium income	**0**	**-54**	**-65**	**-36**	**-19**
Technical result	-16	-6	-126	0	-250
Tryg					
Gross premium income	**22,653**	**21,741**	**18,740**	**17,963**	**17,707**
Technical result	3,495	3,237	2,766	2,789	2,390
Investment return	311	579	-332	527	987
Other income and costs	-265	-188	-172	-77	-157
Profit/loss before tax	3,541	3,628	2,262	3,239	3,220
Run-off gains/losses, net of reinsurance	1,145	1,194	1,221	972	1,239
Key ratios					
Gross claims ratio	68.1	68.3	67.4	66.1	65.6
Net reinsurance ratio	2.2	2.6	3.3	4.3	5.4
Claims ratio, net of ceded business	70.3	70.9	70.7	70.4	71.0
Gross expense ratio	14.1	14.2	14.4	14.0	15.7
Combined ratio	**84.5**	**85.1**	**85.1**	**84.4**	**86.7**
Run-off, net of reinsurance (%)	-5.1	-5.5	-6.5	-5.4	-7.0
Number of full-time employees, continuing business at 31 December	4,400	4,151	4,027	3,373	3,264

a) In 2020, amounts primarily relates to one-off items. In 2019 - 2016, amounts primarily relates to eliminations and one-off items.

Notes

2 Technical result, net of reinsurance, by line of business

DKKm	Accident and health		Health care		Workers' compensation		Motor TPL		Motor comprehensive insurance		Marine, aviation and cargo insurance	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Gross premiums written	**2,736**	**2,591**	**574**	**461**	**921**	**951**	**1,917**	**1,876**	**5,136**	**4,823**	**201**	**231**
Gross premium income	2,565	2,466	543	445	934	935	1,874	1,828	4,897	4,617	219	222
Gross claims	- 1,400	- 1,460	- 467	- 483	- 496	- 755	- 1,468	- 1,194	- 3,380	- 3,127	- 67	- 153
Gross operating expenses	- 378	- 340	- 53	- 52	- 88	- 106	- 287	- 296	- 691	- 652	- 34	- 33
Profit/loss on ceded business	- 7	- 15	0	- 1	- 22	- 14	- 36	- 12	- 53	- 44	- 37	4
Insurance technical interest, net of reinsurance	- 3	- 1	- 1	0	- 1	0	- 1	1	- 4	1	0	0
Technical result	**777**	**650**	**22**	**- 91**	**327**	**60**	**82**	**327**	**769**	**795**	**81**	**40**
Gross claims ratio	54.6	59.2	86.0	108.5	53.1	80.7	78.3	65.3	69.0	67.7	30.6	68.9
Combined ratio	**69.6**	**73.6**	**95.8**	**120.4**	**64.9**	**93.6**	**95.6**	**82.2**	**84.2**	**82.8**	**63.0**	**82.0**
Claims frequency [a]	3.8%	3.8%	68.8%	93.2%	18.1%	21.9%	5.4%	6.0%	20.5%	21.8%	15.8%	18.9%
Average claims DKK [b]	21,326	22,950	5,111	5,390	77,053	71,146	22,505	18,794	9,201	9,320	52,837	77,416
Total claims	78,286	73,735	94,689	84,348	10,742	12,776	79,347	87,595	364,832	342,983	1,882	2,213

	Fire and contents (Private)		Fire and contents (Commercial)		Change of ownership		Liability insurance		Credit and guarantee insurance		Tourist assistance insurance	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Gross premiums written	**5,788**	**5,444**	**2,816**	**2,758**	**0**	**8**	**1,179**	**1,100**	**553**	**527**	**996**	**941**
Gross premium income	5,589	5,330	2,769	2,656	59	74	1,163	1,088	547	527	890	886
Gross claims	- 3,976	- 3,562	- 1,568	- 1,894	- 17	- 11	- 968	- 828	- 384	- 95	- 788	- 775
Gross operating expenses	- 791	- 751	- 430	- 413	- 7	- 7	- 192	- 168	- 81	- 69	- 125	- 119
Profit/loss on ceded business	- 194	- 216	- 344	- 129	0	0	41	8	- 1	- 131	142	- 1
Insurance technical interest, net of reinsurance	- 6	- 4	- 2	3	0	0	- 2	0	0	0	- 1	1
Technical result	**622**	**797**	**425**	**223**	**35**	**56**	**42**	**100**	**81**	**232**	**118**	**- 8**
Gross claims ratio	71.1	66.8	56.6	71.3	28.8	14.9	83.2	76.1	70.2	18.0	88.5	87.5
Combined ratio	**88.8**	**85.0**	**84.6**	**91.7**	**40.7**	**24.3**	**96.2**	**90.8**	**85.2**	**56.0**	**86.6**	**101.0**
Claims frequency [a]	9.9%	9.7%	16.8%	16.9%	5.6%	10.6%	11.2%	12.5%	0.0%	0.0%	22.3%	17.5%
Average claims DKK [b]	8,984	8,743	47,636	55,018	41,969	22,639	78,017	70,030	7,653,673	1,872,000	5,014	6,390
Total claims	442,157	427,228	34,352	33,861	1,060	2,689	11,500	12,545	55	49	156,604	121,236

a) The claims frequency is calculated as the number of claims incurred in the year in proportion to the average number of insurance contracts in the year.
b) Average claims are total claims before run-off in the year relative to the number of claims in the year.

Notes

2 Technical result, net of reinsurance, by line of business

DKKm	Other insurance		Total exclusive of Group Life		Group Life one-year policies [a]		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Gross premiums written	**52**	**49**	**22,869**	**21,760**	**783**	**803**	**23,652**	**22,563**
Gross premium income	54	55	22,103	21,129	550	612	22,653	21,741
Gross claims	4	- 14	- 14,975	- 14,351	- 462	- 506	- 15,437	- 14,857
Gross operating expenses	5	- 1	- 3,152	- 3,007	- 50	- 74	- 3,202	- 3,081
Profit/loss on ceded business	9	- 15	- 502	- 566	3	0	- 499	- 566
Insurance technical interest, net of reinsurance	0	- 1	- 21	0	1	1	- 20	1
Technical result	**72**	**24**	**3,453**	**3,205**	**42**	**33**	**3,495**	**3,237**
Gross claims ratio	-7.4	25.5	67.8	67.9	84.0	82.7	68.1	68.3
Combined ratio	**-33.3**	**54.5**	**84.3**	**84.8**	**92.5**	**94.8**	**84.5**	**85.1**
Total claims	8	130						

a) Group Life, one-year policies related to Norwegian Group Life and Alka Group Life.

Notes

DKKm		2020	2019
3	**Premium income, net of reinsurance**		
	Direct insurance	23,388	22,353
	Indirect insurance	53	52
		23,441	22,405
	Unexpired risk provision	24	15
		23,465	22,420
	Ceded direct insurance	-1,467	-1,221
		21,998	**21,198**

Direct insurance, by location of risk	2020		2019	
	Gross	Ceded	Gross	Ceded
Denmark	14,606	-632	13,649	-524
Other EU countries	2,363	-282	2,172	-229
Other countries [a)]	6,443	-553	6,547	-468
	23,412	**-1,467**	**22,368**	**-1,221**

a) Mainly Norway

		2020	2019
4	**Insurance technical interest, net of reinsurance**		
	Return on insurance provisions	37	166
	Discounting transferred from claims provisions	-57	-165
		-20	**1**
5	**Claims, net of reinsurance**		
	Claims	-16,567	-16,031
	Run-off previous years, gross	1,130	1,173
		-15,437	-14,857
	Reinsurance cover received	785	408
	Run-off previous years, reinsurers' share	15	20
		-14,637	**-14,429**

DKKm		2020	2019
6	**Insurance operating costs, net of reinsurance**		
	Commissions regarding direct insurance contracts	-290	-265
	Other acquisition costs	-2,243	-2,193
	Total acquisition costs	-2,532	-2,458
	Administration expenses	-669	-623
	Insurance operating costs, gross	-3,202	-3,081
	Commission from reinsurers	170	227
		-3,032	**-2,854**
	Fees to the auditors appointed by the annual general meeting:		
	Deloitte, included in administrative expenses	-9	-8
	Deloitte, included in balance sheet	-78	0
		-87	**-8**
	The fee is divided into:		
	Statutory audit	-5	-3
	Other audit assignments	0	-1
	Tax advice	-1	-1
	Other services	-81	-3
		-87	**-8**
	Expenses have been incurred for the Group´s Internal Audit Department.	-9	-10

Fees for non-audit services provided by Deloitte Statsautoriseret Revisionspartnerselskab (Deloitte Denmark) and other member firms of Deloitte Touche Tohmatsu Limited to Tryg Group amounts to DKK 82m (DKK 4m in 2019). The fee includes and consists of varius declaration tasks, objective tax advice, financial due diligence and transaction advice as well as general accounting and consulting services. Deloitte has complied with the cap for non-audit services as referred to in Article 4(2) of Regulation (EU) No 537/2014.

Notes

DKKm		2020	2019
6	**Insurance operating costs, gross, classified by type (continued)**		
	Commissions	-290	-265
	Staff expenses	-1,971	-2,043
	Other staff expenses	-137	-187
	Office expenses, fees and headquarter expenses	-739	-649
	IT operating and maintenance costs, software expenses	-287	-255
	Depreciation, amortisation and impairment losses and write-downs	-106	-71
	Other income	328	388
		-3,202	**-3,081**

Please refer to note 12 and 23 regarding lease recognised costs according to IFRS 16.

	2020	2019
Insurance operating costs and claims include the following staff expenses:		
Salaries and wages	-2,776	-2,747
Commision	-2	-4
Allocated share options and matching shares	-38	-27
Pension plans [a)]	-259	-351
Other social security costs	-7	-6
Payroll tax	-528	-491
	-3,610	**-3,625**

a) In 2020 defined benefit plans were included with DKK -128m (DKK 35m in 2019).

Remuneration for the Supervisory Board and Executive Board is disclosed in note 27 'Related parties'.

	2020	2019
Average number of full-time employees during the year (continuing business)	**4,278**	**4,148**

Notes

DKKm

6 Matching shares and conditional shares

Matching shares	Total numbers				Fair value			
2020	Executive Board	Risk-takers	Other	Total	Average per matching share at grant date DKK	Total value at time of allocation DKKm	Average per matching share at 31.12 DKK	Total fair value at 31.12 DKKm
Matching shares allocated in 2020	**52,015**	**809**	**37,897**	**90,721**	**203**	**18**	**192**	**17**
Allocated in 2011-2019	243,053	89,050	168,983	501,086	120	60	192	96
Cancelled	-14,328	-7,476	-40,572	-62,376	120	-7	192	-12
Exercised	-108,059	-12,287	-109,356	-229,702	120	-28	192	-44
Total 31.12.2020	**120,666**	**69,287**	**19,055**	**209,008**	**120**	**25**	**192**	**40**
2019								
Matching shares allocated 2019	**53,308**	**0**	**0**	**53,308**	**166**	**9**	**198**	**11**
Allocated in 2011-2018	189,745	89,473	168,560	447,778	114	51	198	89
Category changes and addition	0	-423	423	0	114	0	198	0
Cancelled	-14,328	-7,476	-40,525	-62,329	114	-7	198	-12
Exercised	-90,826	-9,960	-85,561	-186,347	114	-21	198	-37
Total 31.12.19	**84,591**	**71,614**	**42,897**	**199,102**	**114**	**23**	**198**	**39**

Conditional shares

2020	Maximum obligation Shares	Recognised in income statement DKKm
Executive board	27,096	-5
Risk-takers	128,936	-9
Other	3,802	-1
2020 in total	**159,834**	**-15**
2018	61,833	-3
2019	83,528	-6
Total	**305,195**	**-24**

Matching shares

In 2011-2020, Tryg entered into an agreement on matching shares in accordance with the Group's remuneration policy.

Executive Board, Risk-takers and Other employees are allocated one share in Tryg A/S for each share they acquires in Tryg A/S at market rate for liquid cash at a contractually agreed sum over the 3- or 4-year deferral period.

In 2020, the recognised fair value of matching shares for the Group amounted to DKK 14m (DKK 11m in 2019). At 31 December 2020, a total amount of DKK 54m was recognised for matching shares.

Conditional shares

In 2018, 2019 and 2020, Tryg allocated conditional shares in accordance with the Group's remuneration policy. The beneficiaries will receive shares in Tryg A/S if certain conditions are fulfilled over a period of up to 4 years.

In 2020, the fair value of Conditional shares is prorated relative to the deferral period and recognised in the income statement amounted to DKK 24m (DKK 16m in 2019). The shares allocated in 2020 had an average weighted rate of 169 at grant date.

Notes

DKKm		2020	2019
7	**Interest and dividends**		
	Interest income and dividends		
	Dividends	66	24
	Interest income, cash at bank and in hand	2	1
	Interest income, bonds	437	509
		506	534
	Interest expenses		
	Interest expenses subordinate loan capital, credit institutions and cash at bank	-95	-117
	Interest expenses, other	-30	-61
		-126	-178
		380	**356**
8	**Value adjustments**		
	Value adjustments concerning financial assets or liabilities at fair value with value adjustment in the income statement:		
	Equity investments	-153	463
	Unit trust units	-358	117
	Bonds	-233	120
	Derivatives (Equity, Interest, Currency)	769	-103
		25	598
	Value adjustments concerning assets or liabilities that cannot be attributed to IAS 39:		
	Investment property	4	62
	Owner-occupied property	0	-10
	Discounting	-530	-351
	Other statement of financial position items	611	159
		85	-140
		110	**457**

Exchange rate adjustments concerning financial assets or liabilities which cannot be stated at fair value total DKK -104m (DKK -97m in 2019).

DKKm		2020	2019
9	**Other income and costs**		

Other Income

Other income amounts to DKK 88m (DKK 168m in 2019) and primarily relates to the sale of pensions products. In 2019 other income encompassed a one-off allowance regarding VAT of DKK 45m.

Other costs

Other costs amounts to DKK 354m (DKK 356m in 2019) and primarily relates to depreciations of customer relations and trademarks, cost related to the sale of pensions products and cost which is not ascribed to the insurance portfolio.

Depreciations related to trademarks and customer relationships amounts to DKK 135m (DKK 157m in 2019).

		2020	2019
10	**Tax**		
	Tax on accounting profit/loss	-779	-798
	Difference between Danish and foreign tax rates	15	-40
	Tax adjustment, previous years	12	-45
	Adjustment of non-taxable income and costs	-56	100
	Change in valuation of tax assets	53	0
	Other taxes	-13	0
		-768	**-783**
	Effective tax rate	**%**	**%**
	Tax on accounting profit/loss	22.0	22.0
	Difference between Danish and foreign tax rates	-0.5	1.0
	Tax adjustment, previous years	0.0	1.5
	Adjustment of non-taxable income and costs	1.5	-3.0
	Valuation of tax assets	-1.5	0.0
		21.5	21.5

Notes

DKKm

11 Intangible assets

	Goodwill	Trade-marks and customer relations	Software a)	Assets under con-struction a)	Total
2020					
Cost					
Cost at 1 January	4,876	1,861	2,066	292	9,094
Exchange rate adjustments	9	4	-26	-6	-19
Transferred from assets under construction	0	0	249	-249	0
Additions for the year	0	0	112	188	300
Disposals for the year	0	0	-280	-3	-282
Cost at 31 December	4,885	1,864	2,122	222	9,093
Amortisation and write-downs					
Amortisation and write-downs at 1 January	-104	-236	-1,391	0	-1,731
Exchange rate adjustments	0	-5	13	0	8
Amortisation for the year	0	-135	-193	0	-328
Impairment losses and write-downs for the year	0	0	-147	0	-147
Reversed amortisation	0	0	229	0	229
Amortisation and write-downs at 31 December	-104	-376	-1,490	0	-1,969
Carrying amount at 31 December	**4,781**	**1,488**	**632**	**222**	**7,124**

DKKm

11 Intangible assets (continued)

	Goodwill	Trademarks and custo-mer relations	Software a)	Assets under con-struction a)	Total
2019					
Cost					
Cost at 1 January	4,881	1,863	1,452	504	8,700
Exchange rate adjustments	-5	-2	2	2	-3
Transferred from assets under construction	0	0	459	-459	1
Additions for the year	0	0	174	244	418
Disposals for the year	0	0	-21	0	-21
Cost at 31 December	4,876	1,861	2,066	292	9,094
Amortisation and write-downs					
Amortisation and write-downs at 1 January	-104	-81	-1,277	-2	-1,464
Exchange rate adjustments	0	2	-2	0	0
Amortisation for the year	0	-139	-122	0	-261
Impairment losses and write-downs for the year	0	-18	-7	0	-24
Reversed amortisation	0	0	16	3	19
Amortisation and write-downs at 31 December	-104	-236	-1,391	-0	-1,731
Carrying amount at 31 December	**4,772**	**1,625**	**675**	**292**	**7,364**

a) Hereof proprietary software DKK 366m (DKK 494m at 31 December 2019)

Notes

DKKm

11 Intangible assets (continued)

Impairment test
Goodwill
The value in use method is used when testing the Goodwill for impairment.

Primary assumptions for impairment test:
When assessing the cash flow management has based its estimates of premiums earned on the insurance portfolio adjusted to reflect the expected effect of business decisions and market development from past experiences. The portfolio is indexed with the wage and salary index. Claims incurred are based on expected claims ratios, which corresponds to normalised large- and weather claims. Reinsurance is taken into account when looking at the overall technical result together with the expected cost ratio. Required returns are based on management's own requirements for returns of the individual cash generation units and are not expected to change significantly in the near future.

COVID-19 has not have any affect on the assumptions related to impairment of Goodwill, Trademarks and Brand.

Alka
In 2018, Tryg acquired Forsikrings- Aktieselskabet Alka . The insurance activities were incorporated into the Tryg Group's business structure from 8 November 2018.

Comprises the sale of insurance products to private and commercial customers under the 'Alka' brand.

At 31 December 2020, management performed an impairment test of the carrying amount of goodwill based on the allocation of the cost of goodwill to the cash-generating unit.

The cash flows appearing from the latest prognosis approved by management for the next 6 quarters are used when calculating the value in use of Private DK. The cash flows in the latest prognosis period have been extrapolated for financial years after the prognosis periods (terminal period) and adjusted for expected growth rates determined on the basis of expectations for the general economic growth. The required return is based on an assessment of the risk profile of the tested business activities compared with the market's expectations for the Group.

The impairment test shows a calculated value in use of approximately DKK 31.1bn (26.4bn) relative to a recognised goodwill of DKK 4.2bn (4.2bn) and does not indicate any impairment in 2020. According to the sensitivity informations below a change in the required return rate will have the highest effect on the equity. An increase in the required return of approx. 4.6% will result in a write down of goodwill.

DKKm	2020	2019
11 Intangible assets (continued)		
- Earned premium assumed CAGR 0-10 years	3%	3%
- Earned premium assumed CAGR > 10 years	2%	2%
- Required return before tax	7%	8%
- Expected level of Combined ratio	81%	81%
Sensitivity information		
Impact on the calculated present value from the following changes:		
CAGR +1.0 percentage point (0-10 years)	1.4bn	1.2bn
CAGR -1.0 percentage point (0-10 years)	-1.3bn	-1.0bn
Required return +1.0 percentage point	-5.6bn	-4.1bn
Required return -1.0 percentage point	8.6bn	6.0bn
Combined ratio +1.0 percentage point	-1.6bn	-1.2bn
Combined ratio -1.0 percentage point	1.6bn	1.2bn

The above changes have no impact on equity.

Obos
In 2017, Tryg acquired Obos' insurance portfolio. The insurance activities were incorporated into the Tryg Group's business structure from 1 June 2017.

Comprises the sale of insurance products to private and commercial customers under the 'Obos' brand.

At 31 December 2020, management performed an impairment test of the carrying amount of goodwill based on the allocation of the cost of goodwill to the cash-generating unit.

The cash flows appearing from the latest prognosis approved by management for the next 6 quarters are used when calculating the value in use of Obos. The cash flows in the latest prognosis period have been extrapolated for financial years after the prognosis periods (terminal period) and adjusted for expected growth rates determined on the basis of expectations for the general economic growth. The required return is based on an assessment of the risk profile of the tested business activities compared with the market's expectations for the Group.

The impairment test shows a calculated value in use of approximately DKK 0.5bn (0.3bn) relative to a recognised goodwill of DKK 46m (49m) and does not indicate any impairment in 2020. According to the sensitivity informations below a change in the required return rate will have the highest effect on the equity. An increase in the required return of approx. 5.3% will result in a write down of goodwill.

Notes

DKKm		2020	2019
11	**Intangible assets (continued)**		
	- Earned premium assumed CAGR 0 - 10 years	5%	4%
	- Earned premium assumed CAGR > 10 years	2%	2%
	- Required return before tax	10%	13%
	- Expected level of Combined ratio	87%	87%
	Sensitivity information		
	Impact on the calculated present value from the following changes:		
	CAGR +1.0 percentage point (0 - 10 years)	25	14
	CAGR -1.0 percentage point (0 - 10 years)	-23	-13
	Required return +1.0 percentage point	-93	-48
	Required return -1.0 percentage point	135	58
	Combined ratio +1.0 percentage point	-47	-30
	Combined ratio -1.0 percentage point	47	30

The above changes have no impact on equity.

Moderna
In 2016, Tryg acquired Skandia's child and adult accident insurance portfolio. The insurance activities were incorporated into the Tryg Group's business structure from 1 September 2016.

In 2014, Tryg acquired Securator A/S, Optimal Djurförsäkring i Norr AB. The insurance activities were incorporated into the Tryg Group's business structure and merged into Tryg in 2015.

At 31 December 2020, management performed an impairment test of the carrying amount of goodwill based on the allocation of the cost of goodwill to the cash-generating unit. Moderna portfolio consists from 1 January 2017 of Moderna, Securator and Skandia, which was prior to this date three separate cash-generating units. The reasons behind the merger of Securator and Skandia into Moderna, is that they are managed together as part of the Swedish business and reported under the segment "Sweden"

Comprises the sale of insurance products to private customers under the 'Moderna' brand. Moreover, insurance is sold under the brands Atlantica, Bilsport & MC and Moderna Djurförsäkringar. Sales take place through its own sales force, call centres and online.

The cash flows appearing from the latest prognosis approved by management for the next 6 quarters are used when calculating the value in use of Moderna. The cash flows in the latest prognosis period have been extrapolated for financial years after the prognosis periods (terminal period) and adjusted for expected growth rates determined on the basis of expectations for the general economic growth. The required return is based on an assessment of the risk profile of the tested business activities compared with the market's expectations for the Group.

The impairment test shows a calculated value in use of approximately DKK 2.2bn (1.5bn) relative to a recognised goodwill of DKK 0.5bn (0.5bn) and does not indicate any impairment in 2020. According to the sensitivity informations below a change in the required return rate will have the highest effect on the equity. An increase in the required return of approx. 4.1% will result in a write down of goodwill.

DKKm		2020	2019
11	**Intangible assets (continued)**		
	- Earned premium assumed CAGR 0 - 10 years	2%	3%
	- Earned premium assumed CAGR > 10 years	2%	2%
	- Required return before tax	10%	11%
	- Expected level of Combined ratio	90%	91%
	Sensitivity information		
	Impact on the calculated present value from the following changes:		
	CAGR +1.0 percentage point (0 - 10 years)	81	45
	CAGR -1.0 percentage point (0 - 10 years)	-77	-42
	Required return +1.0 percentage point	-337	-211
	Required return -1.0 percentage point	480	288
	Combined ratio +1.0 percentage point	-77	-177
	Combined ratio -1.0 percentage point	81	177

The above changes have no impact on equity.

Trademarks and customer relations
As at 31 December 2020 management performed a test of the carrying amounts of customer relations as an integral part of the Moderna, Obos and Alka portfolio goodwill test.

An agricultural portfolio acquired in 2014 was impaired and written down in 2019 DKK 18m.

Software and assets under construction
As at 31 December 2020 management performed a test of the carrying amounts of software and assets under construction.

The impairment test compares the carrying amount with the estimated present value of future cash flows. The test did indicate an impairment of DKK 147m (DKK 7m) due to revaluation of the Groups IT-systems. The write-down is due to related system development costs will be higher, while for some of the systems benefits are also expected to be lower. The cost is recognised as write-downs under depreciations in the income statement.

Assets under construction are not depreciated but tested once a year for impairment or when there is any indication of a decrease in value. Amortised software is assessed for impairment at the balance sheet date or when there are indications that the future cash flow cannot justify the carrying amount.

In the event that the recoverable amount is lower than the carrying amount, the difference is recognised in the income statement.

The recoverable amount is the higher of fair value less sales costs and value in use.

Notes

12 Property, plant and equipment

DKKm	Operating equipment	Leases ROU equipment [a)]	Owner-occupied property	Leases ROU 'Group-occupied property' [b)]	Total
2020					
Cost					
Cost at 1 January	360	76	0	912	1,348
Exchange rate adjustments	-4	0	0	-14	-18
Additions for the year	37	15	0	10	62
Disposals for the year	-146	-3	0	-4	-153
Cost at 31 December	246	88	0	904	1,239
Accumulated depreciation and value adjustments					
Accumulated depreciation and value adjustments at 1 January	-235	-46	0	-182	-463
Exchange rate adjustments	3	0	0	3	6
Depreciation for the year	-22	-18	0	-99	-140
Reversed depreciation and value adjustments	128	2	0	4	135
Accumulated depreciation and value adjustments at 31 December	-126	-62	0	-274	-462
Carrying amount at 31 December	**120**	**27**	**0**	**630**	**777**
2019					
Cost					
Cost at 1 January	320	64	112	762	1,258
Exchange rate adjustments	1	0	0	2	3
Additions for the year	69	29	0	175	272
Disposals for the year	-29	-17	-112	-27	-185
Cost at 31 December	360	76	0	912	1,348
Accumulated depreciation and value adjustments					
Accumulated depreciation and value adjustments at 1 January	-219	-20	0	-84	-323
Depreciation for the year	-26	-26	0	-98	-150
Value adjustments for the year at revalued amount in income statement	0	0	-10	0	-10
Reversed depreciation	10	0	10	0	20
Accumulated depreciation and value adjustments at 31 December	-235	-46	0	-182	-463
Carrying amount at 31 December	**125**	**30**	**0**	**730**	**885**

a) Lease assets (Right of use-assets(ROU)) equipment only consists of leases of vehicles with a lease term of three to four years. The monthly amounts are fixed and there are no option for purchase or extension. Short term leases are not recognised as Right of use-assets.

b) Lease assets (Right of use-assets), Group occupied property concists of leases of offices buildings. Contract terms are from 1 to 16 years and with yearly rent adjustments. Tryg has no lease contracts with variable lease payments based on sale or similar.

Notes

DKKm		2020	2019
13	**Investment property**		
	Fair value at 1 January	1,151	1,345
	Exchange rate adjustments	-30	6
	Additions for the year	7	9
	Disposals for the year	-15	-272
	Value adjustments for the year	1	59
	Reversed on sale	4	3
	Fair value at 31 December	**1,117**	**1,151**

Total rental income for 2020 is DKK 65m (DKK 74m in 2019).

Total expenses for 2020 are DKK 13m (DKK 12m in 2019). External experts were involved in valuing the majority of the investment properties.

Return percentages, weighted average	2020	2019
Business property	7.5	5.4
Office property	5.8	5.4
Residential property	2.4	2.3
Total	**5.3**	**5.1**

Sensitivity

Tryg's property valuations are based on the market-based rental income and operating expenses of the individual property relative to the required rate of return. The most important factors impacting the valuations are the applied rates of return, annual net rental income and occupancy rates. The average rates of return applied are stated above.

Impacts on the fair value of properties:	2020	2019
Increase in applied rate of return of 0.25%	-39	-37
Decrease in applied rate of return of 0.25%	42	39
Decrease in net rental income of 3%	-33	-34
Decrease in occupancy rate of 3%	-7	-8

DKKm		2020	2019
14	**Equity investments in associates**		
	Cost		
	Cost at 1 January	34	226
	Additions for the year	62	10
	Disposals for the year a)	0	-202
	Cost at 31 December	96	34
	Revaluations at net asset value		
	Revaluations at 1 January	-34	16
	Reversed on sale	0	-40
	Value adjustments for the year	-47	-10
	Revaluations at 31 December	-81	-34
	Carrying amount at 31 December	**16**	**0**

a) Ejendomsselskabet af 1. marts 2006 P/S, Denmark was sold in January 2019.

Notes

DKKm		2020	2019
15	**Financial assets**		
	Financial assets at fair value with value adjustments in the income statement	45,748	44,239
	Receivables measured at amortised cost with value adjustment in the income statement	4,070	3,476
	Total financial assets	**49,819**	**47,715**

Financial assets at amortised cost only deviate to a minor extent from fair value.

		2020	2019
	Financial liabilities		
	Derivative financial instruments at fair value with value adjustments in the income statement	990	728
	Derivative financial instruments at fair value with value adjustments in other comprehensive income	-93	72
	Financial liabilities at amortised cost with value adjustment in the income statement	14,159	12,618
	Total financial liabilities	**15,056**	**13,418**

Information on valuation of subordinate loan capital at fair value is stated in note 1. Other financial liabilities measured at amortised cost only deviate to a minor extent from fair value.

15 Financial assets (Continued)

The Fair value hierarchy

”Quoted market prices and consolidated reference prices” (level 1) consists of financial instruments that are quoted and traded in a principal and active market (markets generally accessable and with substantial volume and trade frequency).

Valuation based on observable input (level 2) consists of financial instruments that are valued substantially on the basis of observable input other than quoted price or consolidated reference price for the instrument itself. If a financial instrument is quoted in a market that is not active, Tryg bases its measurement on the most recent transaction price. Adjustment is made for subsequent changes to market conditions, for instance, by including transactions in similar financial instruments that are assumed to be motivated by normal business considerations. For a number of financial assets and liabilities, no market exists.

In such cases, Tryg uses recent transactions in similar instruments and discounted cash flows or other generally accepted estimation and valuation techniques based on market conditions at the balance sheet date to calculate an estimated value. This category covers instruments such as derivatives valued on the basis of observable yield curves and exchange rates and illiquid mortgage bonds valued by reference to the value of similar liquid bonds.

Valuation based on significant non-observable input (level 3) consist of certain financial instruments based substantially on non-observable input. Such instruments include unlisted shares, unit trust investments, some unlisted bonds and Deal Contingent Forwards. The fair value of Investment property is also based on non-observable input. Please refer to note 13 and accounting policies section Investment property.

If, at the balance sheet date, a financial instrument’s classification differs from its classification at the beginning of the year, the classification of the instrument changes. Changes are considered to have taken place at the balance sheet date. Developments in the financial markets can result in reclassifications between the categories. Some bonds have become illiquid and have therefore been moved from ”Quoted prices or consolidated reference prices” to the ”Observable input” category, while other bonds have become liquid and have been moved from ”Observable input” to the ”Quoted prices or consolidated reference prices” category.

Notes

DKKm

15 Financial assets (Continued)

Fair value hierarchy for financial instruments and investment property measured at fair value in the statement of financial position

	Quoted market prices or consolidated references price [a]	Observable input	Non-observable input	Total
2020				
Investment property	0	0	1,117	1,117
Equity investments	177	2,399	35	2,611
Unit trust units	6,843	0	35	6,878
Bonds	31,619	2,720	0	34,339
Other lendings	0	80	0	80
Derivative financial instruments, assets	6	1,834	0	1,840
Derivative financial instruments, debt	0	-897	0	-897
	38,645	**6,136**	**1,186**	**45,968**

a) Consolidated reference prices means Nasdaq consolidated reference prices

2019				
Investment property	0	0	1,151	1,151
Equity investments	204	1,401	194	1,798
Unit trust units	2,387	6	31	2,424
Bonds	36,385	2,429	0	38,814
Other lendings	0	75	0	75
Derivative financial instruments, assets	1	1,127	0	1,128
Derivative financial instruments, debt	0	-800	0	-800
	38,978	**4,237**	**1,375**	**44,590**

Bonds measured on the basis of observable inputs consist of Norwegian bonds issued by banks and to some extent Danish semi-liquid bonds, where no quoted prices or consolidated reference prices based on actual trades are available.

DKKm	2020	2019
Financial instruments transferred from ”Quoted market prices or consolidated reference prices” to ”Observable input”	1,021	0
Financial instruments transferred from ”Observable input” or ”Non-observable input” to ”Quoted market prices or consolidated reference prices”	0	3,559
Financial instruments transferred from "Non-observable input" to "Observable input"	878	0

DKKm	2020	2019
15 Financial assets (Continued)		
Financial instruments measured at fair value in the statement of financial position on the basis of non-observable input:		
Carrying amount at 1 January	1,375	1,522
Exchange rate adjustments	-29	5
Gains/losses in the income statement [a]	48	66
Purchases	111	192
Sales	-89	-410
Transfers to/from the group 'non-observable input'	-231	0
Carrying amount at 31 December	**1,186**	**1,375**
Gains/losses in the income statement for assets held at the statement of financial position date recognised in value adjustments	44	-1

a) Hereof realised DKK 53 (DKK 5m in 2019)

Inflation derivatives are measured at fair value on the basis of non-observable input and are included under claims provisions at a fair value of DKK-709m (DKK -723m in 2019).

Notes

15 **Financial assets (continued)**

Reconciliation of Tryg's Investment portfolio

DKKm	Bond	Equity and unit trust units	Investment property	Derivatives and other items	Other lending	Total
2020						
Investment assets according to balancesheet	34,339	9,505	1,117	1,840	80	46,881
Investment assets according to investment activities						
Other, hereof financial instrument in liabilities	-3,259	0	0	-629	0	-3,888
Classified according to investment strategy	4,398	-6,390	2,518	-445	-80	0
External customers [a)]	-1,274	-451	-829	83	0	-2,470
Tryg's investment portfolio [a)]	**34,204**	**2,664**	**2,806**	**849**	**0**	**40,523**
Match portfolio	-27,169	-76	0	-849	0	-28,094
Free portfolio	**7,035**	**2,588**	**2,806**	**0**	**0**	**12,429**
2019						
Investment assets according to balance sheet	38,814	4,222	1,151	1,128	75	45,390
Investment assets according to investment activities						
Other, hereof financial instrument in liabilities	-2,458	0	0	-800	0	-3,257
Classified according to investment strategy	83	-1,517	1,756	-246	-75	0
External customers [a)]	-1,407	-520	-766	200	0	-2,493
Tryg's investment portfolio [a)]	**35,033**	**2,185**	**2,141**	**282**	**0**	**39,639**
Match portfolio	-27,901	-21	0	-282	0	-28,203
Free portfolio	**7,132**	**2,164**	**2,141**	**0**	**0**	**11,436**

a) The setup of Tryg invest is impacting Tryg's balance sheet as external customers investments are booked under "total other financial investments" with opposing liabilities entries such as "debt to group undertakings" and "other debt".

Notes

DKKm

15 **Financial assets (continued)**

Derivative financial instruments

Derivatives with value adjustments in the income statement at fair value:

	2020		2019	
	Nominal	**Fair value in statement of financial position**	**Nominal**	**Fair value in statement of financial position**
Interest derivatives	29,420	645	17,163	304
Share derivatives	69	12	167	3
Exchange rate derivatives	12,562	286	7,531	20
Derivatives according to statement of financial position	42,052	943	24,861	328
Inflation derivatives, recognised in claims provisions	7,280	-709	7,741	-724
Total derivative financial instruments	49,331	234	32,602	-396
Due after less than 1 year	12,860	303	7,833	-26
Due within 1 to 5 years	24,356	-693	20,323	2,572
Due after more than 5 years	12,116	624	4,445	-2,942

Derivatives, repos and reverses are used continuously as part of the cash and risk management carried out by Tryg and its portfolio managers.

15 **Financial assets (Continued)**

Derivative financial instruments used in connection with hedging of foreign entities for accounting purposes

Gains and losses on hedges charged to other comprehensive income:

2020	Gains	Losses	Net
Gains and losses at 1 January	3,291	-3,099	191
Value adjustments for the year	463	-336	127
Gains and losses at 31 December	**3,753**	**-3,435**	**318**

2019	Gains	Losses	Net
Gains and losses at 1 January	3,100	-2,890	210
Value adjustments for the year	191	-209	-19
Gains and losses at 31 December	**3,291**	**-3,099**	**191**

Value adjustments

Value adjustments of foreign entities recognised in other comprehensive income in the amount of:

	2020	2019
Value adjustments at 1 January	-170	-202
Value adjustment for the year	-55	32
Value adjustments at 31 December	**-225**	**-170**

Notes

DKKm		2020	2019
15	**Financial assets (Continued)**		
	Receivables		
	Total receivables in connection with direct insurance contracts	1,674	1,727
	Receivables from insurance enterprises	270	240
	Unsettled transactions	120	401
	Other receivables	565	187
		2,628	**2,555**
	Specification of write-downs on receivables from insurance contracts:		
	Write-downs at 1 January	136	139
	Exchange rate adjustments	-4	1
	Write-downs and reversed write-downs for the year	-13	-3
	Write-downs at 31 December	**118**	**136**

Receivables are written down in full when submitted for debt collection. The write-down is reversed if payment is subsequently received from debt collection and amounts to DKK 37m (DKK 39m in 2019).

Other receivables do not contain overdue receivables

16 Reinsurer's share

Impairment test

As at 31 December 2020, management performed a test of the carrying amount of total reinsurers' share of provisions for insurance contracts and receivables. The impairment test resulted in impairment charges totalling DKK 0m (DKK 0m in 2019).

The use of reinsurance creates a natural counterparty risk. The Risk will be handled by applying a wide range of reinsurers with at least an 'A' rating.

DKKm		2020	2019
17	**Current tax**		
	Net current tax at 1 January	-73	-118
	Exchange rate adjustments	6	-2
	Current tax for the year	-907	-734
	Current tax on equity entries	-28	4
	Adjustment of current tax in respect of previous years	97	-50
	Tax paid regarding previous year	0	-3
	Tax paid for the year	599	830
	Net current tax at 31 December	**-306**	**-73**
	Current tax is recognised in the statement of financial position as follows:		
	Under assets, current tax	51	52
	Under liabilities, current tax	-357	-125
	Net current tax	**-306**	**-73**

Due to IFRIC 23, uncertain tax positions should be valuated and recognized in the tax balance.

Tryg Forsikring A/S has asked the Danish Tax Authorities for a repayment of tax for unused tax loss in the closed Finnish branch in 2012. 80% of the expected tax repayment has been included in the balance of current tax.

18 Equity

Number of shares

	Shares outstanding		Own shares	
Number of shares of DKK 5 (1,000)	**2020**	**2019**	**2020**	**2019**
Number of shares at 1 January	301,700	301,743	448	405
Bought during the year	-535	-500	535	500
Used in connection with exercise of incentive programme	585	457	-585	-457
Number of shares at 31 December	**301,750**	**301,700**	**398**	**448**
Number of shares as a percentage of issued shares at 31 December	99.87	99.85	0.13	0.15
Nominal value at 31 december (DKKm)	1,509	1,509	2	2

Pursuant to the authorisation granted by the shareholders, Tryg may acquire up to a total face value 151m DKK of the share capital in the period up until 31 December 2021.
Own shares are acquired for use in the Group's incentive programme.

Notes

DKKm		2020	2019
18	**Solvency II – Own funds (continued)**		
	Equity according to annual report	12,264	12,085
	Proposed dividend	-529	-1,013
	Intangible assets	-7,124	-7,364
	Profit margin, solvency purpose	1,408	1,408
	Taxes	201	260
	Subordinate loan capital	2,663	2,744
	Solvency II – Own funds	**8,884**	**8,119**
19	**Premium provisions**		
	Premium provision at 1 January	5,996	5,861
	Value adjustments of provisions, beginning of year	-52	2
	Paid in the financial year	23,820	22,660
	Change in premiums in the financial year	-23,714	-22,530
	Exchange rate adjustments	-13	4
	Premium provisions at 31 December	**6,036**	**5,996**

DKKm		Gross	Ceded	Net of reinsurance
19	**Claims provisions**			
	2020			
	Claims provisions at 1 January	24,859	-1,285	23,574
	Value adjustments of provisions, beginning of year	-402	37	-365
		24,457	-1,248	23,210
	Paid in the financial year in respect of the current year	-8,691	199	-8,492
	Paid in the financial year in respect of prior years	-7,005	808	-6,197
		-15,695	1,006	-14,689
	Change in claims in the financial year in respect of the current year	16,650	-711	15,940
	Change in claims in the financial year in respect of prior years	-1,071	-91	-1,162
		15,579	-802	14,777
	Discounting and exchange rate adjustments	616	-43	573
	Claims provisions at 31 December	**24,957**	**-1,087**	**23,871**

Notes

DKKm			
19 Claims provisions (continued)			
	Gross	**Ceded**	**Net of reinsurance**
2019			
Claims provisions at 1 January	24,847	-1,234	23,613
Value adjustments of provisions, beginning of year	65	-7	58
	24,912	-1,241	23,671
Paid in the financial year in respect of the current year	-8,414	158	-8,255
Paid in the financial year in respect of prior years	-7,082	262	-6,820
	-15,496	420	-15,076
Change in claims in the financial year in respect of the current year	16,050	-397	15,653
Change in claims in the financial year in respect of prior years	-1,117	-65	-1,182
	14,933	-462	14,471
Discounting and exchange rate adjustments	510	-1	509
Claims provisions at 31 December	**24,859**	**-1,285**	**23,574**

DKKm	2020	2019
20 Pensions and similar obligations		
Jubilees	45	53
Compensation liability	51	0
Recognised liability	**96**	**53**
Defined-benefit pension plans:		
Present value of pension obligations funded through operations	34	51
Present value of pension obligations funded through establishment of funds	0	1,139
Pension obligation, gross	34	1,190
Fair value of plan assets	0	940
Pension obligation, net	**34**	**250**
Specification of change in recognised pension obligations:		
Recognised pension obligation at 1 January	1,190	1,105
Adjustment regarding the terminated part of the plan termination recognised in the income statement*	-1,059	0
Exchange rate adjustments	-84	16
Present value of pensions earned during the year	0	31
Capital cost of previously earned pensions	1	22
Actuarial gains/losses	-6	73
Paid during the period	-7	-57
Recognised pension obligation at 31 December	**34**	**1,190**
Change in carrying amount of plan assets:		
Carrying amount of plan assets at 1 January	940	875
Adjustment regarding the terminated part of the plan termination recognised in the income statement*	-874	0
Exchange rate adjustments	-66	13
Investments in the year	0	72
Estimated return on pension funds	0	18
Paid during the period	0	-37
Carrying amount of plan assets at 31 December	**0**	**940**
Total pensions and similar obligations at 31 December	**34**	**250**
Total recognised obligation at 31 December	**130**	**303**

Notes

DKKm		2020	2019
20	**Pensions and similar obligations (continued)**		
	Specification of pension cost for the year:		
	Present value of pensions earned during the year	0	26
	Adjustment regarding the terminated part of the plan termination recognised in the income statement[a]	-128	0
	Interest expense on accrued pension obligation	1	21
	Expected return on plan assets	0	-17
	Accrued employer contributions	0	5
	Total year's cost of defined-benefit plans	**-128**	**35**
	The premium for the following financial years is estimated at[a]	1	35
	Number of active persons[a]	0	407
	Number of pensioners	127	581
	Average expected remaining service time (years)[a]	0	6.29
	Estimated distribution of plan assets:	%	%
	Shares	0	10
	Bonds	0	75
	Property	0	13
	Other	0	2
	Average return on plan assets	0.0	1.9
	Weighted average duration of the defined benefit obligation (years)	8	13
	Assumptions used	%	%
	Discount rate	1.2	1.6
	Estimated return on pension funds	1.2	1.6
	Salary adjustments	2.3	2.3
	Pension adjustments	0.0	0.7
	G adjustments	2.0	2.0
	Turnover	7.0	7.0
	Employer contributions	19.1	19.1
	Mortality table	K2013	K2013

20 Sensitivity information (continued)

The sensitivity analysis is based on a change in one of the assumptions, assuming that all other assumptions remain constant. In reality, this is rarely the case, and changes to some assumptions may be subject to covariance. The sensitivity analysis has been carried out using the same method as the actuarial calculation of the pension provisions in the statement of financial position.

DKKm	2020	2019
Impact on equity from the following changes:		
Interest rate increase of 0.3 percentage point	1	57
Interest rate decrease of 0.3 percentage point	-1	-61
Pay increase rate, increase of 1 percentage point	0	-83
Pay increase rate, decrease of 1 percentage point	0	74
Turnover, increase of 2 percentage point	0	38
Turnover, decrease of 2 percentage point	0	-45

Due to the termination of the largest part of the plan only minor sensitivities are left.

Description of the Norwegian plan

a) In the Norwegian part of the Group, about half of the employees had a defined-benefit pension plan. The plans were based on the employees' expected final pay, The secured employee part of the plan has been terminated as of 01 January 2020. Tryg agreed with the Norwegian employees to replace the defined benefit pension scheme (for employees with a high seniority) with a market based pension scheme in a life insurance company, this had a total positive net impact of DKK 128m. The pension funds and liability was transferred to Livsforsikringsselskapet Nordea Liv AS as of the terminationdate.

Notes

20 Sensitivity information (continued)

Description of the Swedish plan
Moderna Försäkringar, a branch of Tryg Forsikring A/S, complies with the Swedish industry pension agreement, the FTP plan, which is insured with Försäkringsbranschens Pensionskassa - FPK.

Under the terms of the agreement, the Group's Swedish branch has undertaken, along with the other businesses in the collaboration, to pay the pensions of the individual employees in accordance with the applicable rules.

The FTP plan is primarily a defined-benefit plan in terms of the future pension benefits. FPK is unable to provide sufficient information for the Group to use defined-benefit accounting. For this reason, the Group has accounted for the plan as if it were a defined-contribution plan in accordance with IAS 19.30.

This years premium paid to FPK amounted to DKK 10m (DKK 12m in 2019), which is about 2,2 % of the annual premium in FPK(2019). FPK writes in its Annual report for 2019 that it had a solvency ratio of 137 at 31 December 2019 (Solvency ratio of 134 at 31 December 2018).

The Solvency Ratio is defined as the own funds relativ to the solvency capital requirement.

DKKm		2020	2019
21	**Deferred tax**		
	Tax asset		
	Operating equipment	11	14
	Debt and provisions	77	65
	Capitalised tax loss	0	1
		88	**80**
	Tax liability		
	Intangible rights	416	429
	Land and buildings	79	77
	Bonds	-42	-59
	Contingency funds	487	544
		939	**991**
	Deferred tax	**851**	**911**
	Development in deferred tax		
	Deferred tax at 1 January	911	912
	Exchange rate adjustments	-29	5
	Change in deferred tax relating to change in tax rate	-2	0
	Change in deferred tax previous years	32	34
	Purchase or sale of activity	0	5
	Change in capitalised tax loss	0	-1
	Change in deferred tax recognised in income statement	-82	-26
	Change in deferred tax taken to equity	22	-18
	Deferred tax at 31 December	**851**	**911**
	Tax value of non-capitalised tax loss		
	Denmark	21	17

The loss in Tryg A/S cannot be utilised in the Danish joint taxation scheme. The loss can be carried forward indefinitely. Loss determined according to Swedish and Finnish, German and Austria rules can be carried forward indefinitely. In Netherlands tax can be carried forward 6 years

The losses are not recognised as tax assets until it has been substantiated that the company can generate sufficient future taxable income to offset the tax loss. The total current and deferred tax relating to items recognised in equity is recognised in the statement of financial position in the amount of DKK 50m (DKK 22m at 31 December 2019).

Notes

DKKm		2020	2019
22	**Other provisions**		
	Other provisions at 1 January	86	111
	Exchange rate adjustment	-1	0
	Change in provisions	-28	-26
	Other provisions 31 December	**57**	**86**

Other provisions relate to provisions for the Group's own insurance claims and restructuring costs. Additions to the provision for restructuring costs and own insurance claims during the year amounts to DKK 14m and use of existing restructuring provisions amounts to DKK 42m.

The balance as at 31 December 2020 excluding own insurances amounts to DKK 47m (DKK 80m at 31 December 2019).

23 Other debt and debt to group undertakings

Debt related to external customers investments amounts to DKK 2,470m please refer to note 15 Tryg's investment portfolio.

	2020	2019
Other debt		
Maturity of undiscounted lease liabilities		
Due 1 year or less	134	155
Due 1-5 years	345	489
Due more than 5 years	411	476
Total Lease liabilities 31 December	**890**	**1,121**
Lease liabilities included in the statement of financial position		
Hereof future cashflow options	66	64
Amounts recognised in statement of cash flow		
Total cash out-flow for leases	139	147
Amounts recognised in income statement		
Interest on lease liabilities	-36	-39

There are no short team-leases recognised in the financial statement.
Debt related to Leasing are included in Other debt. Please refer to note 12 for specification of ROU assets.

DKKm		2020	2019
24	**Earnings per share**		
	Profit/loss from continuing business	2,773	2,845
	Profit/loss on discontinued and divested business	0	-2
	Profit/loss for the year	2,773	2,843
	Depreciation on intangible assets related to Brands and Customer relations after tax	105	122
	Operating Profit/loss for the year	2,878	2,965
	Average number of shares (1,000)	301,678	301,954
	Diluted number of shares (1,000)	301,678	301,954
	Earnings per share, continuing business, DKK	9.19	9.42
	Diluted earnings per share, continuing business, DKK	9.19	9.42
	Earnings per share, DKK	9.19	9.42
	Diluted earnings per share, DKK	9.19	9.42
	Operating earings per share, DKK	9.54	9.82

25 Contractual obligations, collateral and contingent liabilities

Contractual obligations

	Obligations due by period				
2020	**<1 year**	**1-3 years**	**3-5 years**	**> 5 years**	**Total**
Other contractual obligations [a]	581	532	303	4	1,420
	581	**532**	**303**	**4**	**1,420**
2019					
Other contractual obligations [a]	616	497	141	4	1,258
	616	**497**	**141**	**4**	**1,258**

a) Other contractual obligations mainly consists of investment commitments, IT and outsourcing agreements. Please refer to note 12 for lease agreements recognised as ROU.

Notes

25 **Contractual obligations, collateral and contingent liabilities (continued)**

2020

Tryg has signed the following contracts with amounts above DKK 50m:

Tryg is comitted to invest in some investment funds. The commitment amounts to DKK 934m. DKK 265m are expected called during 2021 and additionally DKK 535m within 5 years. Tryg has signed IT infrastructure agreements with commitments amounting to DKK 357m within 5 years.

2019

Tryg is comitted to invest in some investment funds. The commitment amounts to DKK 1,015m. DKK 399m are expected called during 2020 and additionally DKK 525m within 5 years.

25 **Contractual obligations, collateral and contingent liabilities (continued)**

The Danish companies in the Tryg Group are jointly taxed with TryghedsGruppen smba. The companies and the other jointly taxed companies are liable for any obligations to withhold taxes at source on interest, royalties, dividends and income taxes etc. in respect of the jointly taxed companies.

Tryg Livsforsikring A/S and Forsikrings-Aktieselskabet Alka Liv II have registered the following assets as having been held as security for the insurance provisions:

DKKm	2020	2019
Bonds	1,141	1,096
Interest and rent receivable	4	5
Total	**1,145**	**1,101**

Notes

DKKm

25 **Contractual obligations, collateral and contingent liabilities (continued)**
Offsetting and collateral in relation to financial assets and obligations

	Gross amount before offsetting	Offsetting	According to the statement of financial position	Collateral which is not offset in the statement of financial position: Bonds as collateral for repos/ reverse repos	Collateral in cash	Net amount
2020						
Assets						
Derivative financial instruments	1,840	0	1,840	0	-1,850	-9
Inflation derivatives, recognised in claims provisions	3	0	3	0	-3	0
	1,843	**0**	**1,843**	**0**	**-1,852**	**-9**
Liabilities						
Repo debt	3,259	0	3,259	-3,259	-2	-2
Derivative financial instruments	897	0	897	0	-916	-19
Inflation derivatives, recognised in claims provisions	712	0	712	0	-710	2
	4,869	**0**	**4,869**	**-3,259**	**-1,628**	**-18**
2019						
Assets						
Derivative financial instruments	1,128	0	1,128	0	-1,247	-119
	1,128	**0**	**1,128**	**0**	**-1,247**	**-119**
Liabilities						
Repo debt	2,601	0	2,601	-2,602	-1	-2
Derivative financial instruments	800	0	800	0	-676	124
Inflation derivatives, recognised in claims provisions	724	0	724	0	-656	68
	4,125	**0**	**4,125**	**-2,602**	**-1,332**	**190**

Contingent liabilities

Price adjustments 2016-2020

At the end of October (2020) Tryg received the Forbrugerombudsmand's (FO or Consumer Ombudsman) assessment of the case. In FO's opinion, Tryg was not complying with regulations on price adjustments for residential customers when increasing prices above indexation between March 2016 and February 2020. The case is related to a part of the private portfolio in Denmark.

Based on this assessment the FO is concluding that certain customers may have a recovery claim against Tryg.

Tryg does not agree with the FO's assessment as the company believes it has followed the guidelines stated by the Danish FSA in terms of price increases. Tryg is in a process with the FO in order to gain a better understanding of the FO assessment of the case.

Other

Companies in the Tryg Group are party to a number of disputes.

Management believes that the outcome of these disputes will not affect the Group's financial position significantly beyond the obligations recognized in the statement of financial position at 31 December 2020.

Notes

26 Acquisition of activities

2020

There have been no acquisions in 2020.

Recommended cash offer for RSA

In November 2020 Tryg made a recommended cash offer together with Intact (a leading Canadian Insurer), to acquire RSA Insurance Group plc. As part of the transaction, Tryg will take over RSA's Swedish and Norwegian businesses and co-own RSA's Danish business on a 50/50 economic basis for a consideration of £4.2bn to be paid by Tryg.

The offer is provided in GBP and thus the consideration for the business taken over by Tryg is fixed in GBP. This foreign currency exposure will persist from the time of the offer and until closing of the acquisition.

In order to eliminate the foreign currency exposure related to the acquisition Tryg enters into derivatives to buy GBP and sell DKK that mirrors the possibility of non-occurrence of the acquisition, i.e. the derivatives have a knock-out option that is automatically triggered if the acquisition does not occur. Such derivatives are often referred to as deal contingent derivatives (DCF). If the acquisition is not concluded the forwards will lapse without any payments.

The transaction is expected to be closed during H1 2021, following shareholders' and regulatory approval. During 2020, some transaction costs in the amount of DKK 323m related to the acquisition have been recognized in the balance sheet and will be included in the purchase price upon completion of the acquisition as the acquired business initially will be accounted for under the equity method until the Swedish and Norwegian businesses will be separated from the Danish business through a demerger expected to be completed in Q1 2022. Please refer to the management's review for further information on the recommended cash offer.

The DCF contracts have a notional value of £4.2bn and will be settled upon closing of the acquisition at any time in the period from 17 May to the end of November 2021. The cost of the contracts being DKK 1.3bn is built into the contracts as additional forward points compared to marked based forward rates and thus is only paid if the acquisition is concluded.

The DCFs are measured at fair value and have a fair value of nil at initial recognition. The basis for the estimate of the fair value is the change in the marked based forward rates, assessment of the probability of the acquisition being concluded and the cost of the contracts. Tryg has assessed that as at 31 December 2020 the fair values were immaterial.

27 Related parties

The Group has no related parties with a decisive influence other than the parent company, TryghedsGruppen smba and the subsidiaries of TryghedsGruppen smba (other related parties). Related parties with significant influence include the Supervisory Board, the Executive Management and their members' family.

DKKm	2020	2019
Premium income		
- Parent company (TryghedsGruppen smba)	0.5	0.5
- Key management	0.5	0.4
- Other related parties	3.4	3.1
Claims payments		
- Parent company (TryghedsGruppen smba)	0.1	0.0
- Key management	0.2	0.2
- Other related parties	0.4	0.5

Specification of remuneration

2020	Number of persons	Base salary	Share-based variable salary[a)]	Cash variable salary	Pension	Total
Supervisory Board	14	9	0	0	0	9
Executive Board	4	29	11	0	7	47
Risk-takers investment functions	9	13	1	2	2	18
Risk-takers staff functions	20	36	5	8	6	56
Risk-takers independent control functions	5	9	0	1	1	11
Risk-takers other functions	20	42	7	7	7	63
	72	**138**	**25**	**18**	**24**	**205**

a) Total expenses recognised in 2020 for matching shares and conditional shares allocated in 2020 and previous year.
For matching shares and conditional shares allocated to Executive Board in 2020, please refer to "Corporate governance" in Management review.

Of which retired:	Number of persons	Severance pay
Supervisory Board	2	0
Risk-takers	4	2
	6	**2**

Notes

DKKm

27 Related parties (continued)

2019	Number of persons	Base salary	Share-based variable salary a)	Cash variable salary	Pension	Total
Supervisory Board	14	9	0	0	0	9
Executive Board b)	4	27	5	0	7	39
Risk-takers investment functions	7	10	0	1	1	12
Risk-takers staff functions	20	31	4	4	6	45
Risk-takers independent control functions	5	8	0	0	1	9
Risk-takers other functions	19	43	4	6	7	60
	69	**127**	**14**	**11**	**22**	**175**

a) Total expenses in 2019 for matching shares programs allocated in 2019 and previous year.
b) Barbara Plucnar Jensen took up the position as CFO on 1 March 2019.

Of which retired:	Number of persons	Severance pay
Supervisory Board	2	0
Risk-takers	4	0
	6	**0**

Base salary are charges incurred during the financial year. Variable salary includes the charges for matching shares and conditional shares, which are recognised over 4 years. Reference is made to section 'Corporate governance' of the management's review on the corresponding disbursements. The Executive Board and risk-takers are included in incentive programmes. Please refer to note 6 for information concerning this.

The members of the Supervisory Board in Tryg A/S are paid with a fixed remuneration and are not covered by the incentive schemes. The members of the Executive Board is paid a fixed remuneration, car allowance and pension. The variable salary is awarded in the form of share-based remuneration. Please refer to 'Corporate governance'.

Each member of the Executive Board is entitled to 12 months' notice and severance pay equal to 12 months' salary plus pension contribution except Group CEO who is entitled to severance pay equal to 18 months' salary. If a change of control clause is actioned CEO and COO are entitled to severance pay equal to 36 months´salary.

Risk-takers are defined as employees whose activities have a significant influence on the company's risk profile. The Supervisory Board decides which employees should be considered as risk-takers.

DKKm

27 Related parties (continued)

Parent company
TryghedsGruppen smba
TryghedsGruppen smba controls 53% of the shares in Tryg A/S.

2020
In 2020 Tryg Forsikring A/S paid Tryg A/S DKK 2,599m and Tryg A/S paid TryghedsGruppen smba DKK 1,559m in dividends.

TryghedsGruppen smba has provided an irrevocable subscribtion undertaking to Tryg, to subscribe for new shares in the coming Tryg Rights Issue for an amount totalling DKK 6.0bn.

2019
In 2019 Tryg Forsikring A/S paid Tryg A/S DKK 2,039m and Tryg A/S paid TryghedsGruppen smba DKK 1,224m in dividends.

The transactions between TryghedsGruppen smba and Tryg A/S is conducted on an arm's length basis.

Intra-group transactions with Parent company
Administration fee, etc. is fixed on a cost-recovery basis.

Intra-group accounts are offset and carry interest on market terms.

The companies in the Tryg Group have entered into reinsurance contracts on market terms.

Transactions with Group undertakings have been eliminated in the consolidated financial statements in accordance with the accounting policies.

28 Financial highlights

Please refer to page 54

Notes

29 Accounting policies

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU on 31 December 2020 and the additional Danish disclosure requirements of the Danish Financial Business Act on annual reports prepared by listed financial services companies The annual report of the parent company is prepared in accordance with the executive order on financial reports presented by insurance companies and lateral pension funds issued by the Danish FSA. The deviations from the recognition and measurement requirements of IFRS are:

- The Danish FSA's executive order does not allow provisions for deferred tax of contingency reserves allocated from untaxed funds. Deferred tax and the other comprehensive income of the parent company have been adjusted accordingly on the transition to IFRS.

Change in accounting policies

Tryg has not implemented any new significant accounting policies or IFRS standards in 2020.

The accounting policies have been applied consistently with last year.

Accounting regulation

Implementation of changes to accounting standards and interpretation in 2020

The International Accounting Standards Board (IASB) has issued several changes to the international accounting standards, and the International Financial Reporting Interpretations Committee (IFRIC) has also issued a number of interpretations.

No standards have been implemented for the first time for the accounting year that began on 1 January 2020 that will have a significant impact on the group. See below regarding IFRS 9 'Financial instruments'

There has not been implemented any new or amended standards and interpretations that have affected the group significantly.

Future orders, standards and interpretations that the group has not implemented, and which have still not entered into force but could affect the group significantly:

- IFRS 9 'Financial Instruments[a]
- IFRS 17 'Insurance Contracts[b]

[a] enters into force for the accounting year commencing 1 January 2018 - Insurance companies are allowed to postpone the implementation to 1 January 2023 if certain criteria are met.
[b] Expected to enter into force for the accounting year commencing 1 January 2023.

The implementation of IFRS 9 'financial instruments' is not expected to significantly change the group's financial position.

Regarding IFRS 9 the assessment of no significant impact on the statement of financial position or profit and loss is based on the assumption that Tryg already carry all financial instruments at fair value through profit and loss. The implementation of IFRS 9, will not affect Tryg's recognition and measurement. Tryg has postponed the implementation of IFRS 9 to 1 January 2023 when IFRS 17 Insurance Contracts will be applicable. Tryg can postpone IFRS 9 due to the fact that our activities are predominantly connected with insurance and that our liabilities connected with insurance is relatively greater than 80 per cent of the total liabilities. The impact of IFRS 17 (Insurance Contracts) is currently being assessed in a structured and formal manner and is expected to be concluded in due course ahead of the implementation date. Whilst the Tryg Group anticipates minor changes in certain of its key figures, such as premiums growth and claims ratio as a result of changes to the defintions of premiums and costs under IFRS 17 (Insurance Contracts), Tryg Group currently expects that the implementation of IFRS (Insurance Contracts) will not significantly change the Tryg Group's financial position, including in relation to its technical result or profit/loss after tax.

The changes will be implemented going forward from the effective date.

Significant accounting estimates and assessments

The preparation of financial statements under IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving more judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are:

- Liabilities under insurance contracts
- Valuation of defined benefit plans
- Fair value of financial assets and liabilities
- Valuation of property
- Business Combinations
- Measurement of Goodwill, Trademarks and Customer relations
- Control of subsidiaries

Liabilities under insurance contracts

Estimates of provisions for insurance contracts represent the Group's most critical accounting estimates, as these provisions involve several uncertainty factors.

Claims provisions are management's best estimate based on actuarial and statistical projections of claims and administration of claims including a margin incorporating the uncertainty related to the range of actuarial scenarios and other short and long-term risks not reflected in standard actuarial models. The projections are based on Tryg's knowledge of historical developments, payment patterns, reporting delays, duration of the claims settlement process and other factors that might influence future developments in the liabilities.

The Group makes claims provisions, in addition to provisions for known claims, which cover estimated compensation for losses that has incurred, but are not yet reported to the Group (known as IBNR reserves) and future developments in claims which are known to the Group but are not finally settled. Claims provisions also include direct and indirect claims settlement costs or loss adjustment expenses that arise from events that have occurred up to the statement of financial position date even if they have not yet been reported to Tryg.

The calculation of the claims provisions is therefore inherently uncertain and, by necessity, relies upon the making of certain assumptions about factors such as court decisions, amendments to legislation, social inflation and other economic trends, including inflation. The Group's actual liability for losses may be subject to material positive or negative deviations relative to the initially estimated claims provisions.

Claims provisions are discounted. As a result, initial changes in discount rates or changes in the duration of the claims provisions could have positive or negative effects on earnings. Discounting affects the motor third-party liability, general third-party liability, workers' compensation classes, including sickness and personal accidents, in particular.

The Financial Supervisory Authority's discount curve, which is based on EIOPA's yield curves, is used to discount Danish, Norwegian and Swedish claims provisions in relation to the relevant functional currencies.

Several assumptions and estimates underlying the calculation of the claims provisions are mutually dependent. This has the greatest impact on assumptions regarding interest rates and inflation.

Defined benefit pension schemes

The Group has terminated our defined-benefit plan in Norway as of 01 January 2020. A defined-benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, depending on age, years of service and salary.

Notes

As part of the termination of the defined-benefit plan, an agreement of compensation to the employees covered by the plan was agreed. A liability has been established to cover the expected compensation to be paid to the employees upon retirement from the company. If the employee leaves before retirement only a part of the compensation is paid.

Fair value of financial assets and liabilities

Measurements of financial assets and liabilities for which prices are quoted in an active market or which are based on generally accepted models with observable market data are not subject to material estimates. For securities that are not listed on a stock exchange, or for which no stock exchange price is quoted that reflects the fair value of the instrument, the fair value is determined using a current OTC price of a similar financial instrument or using a model calculation. The valuation models include the discounting of the instrument cash flow using an appropriate market interest rate with due consideration for credit and liquidity premiums. The fair value of deal contingent derivatives (DCF) that Tryg has entered into in connection with a recommended cash offer together with Intact (a leading Canadian Insurer), to acquire RSA Insurance Group plc is further explained in note 26.

Valuation of property

The fair value is calculated based on a market-determined rental income, as well as operating expenses in proportion to the property's required rate of return in per cent. Investment property is recognised at fair value. The calculation of fair value is based on market prices, taking into consideration the type of property, location and maintenance standard, and based on a market- determined rental income as well as operating expenses in proportion to the property's required rate of return. **Cf. note 12, 13 and 15**.

Business Combinations

In Business Combinations, significant assessments are made when considering the fair value of the assets required and liabilities assumed and when identifying intangible assets, such as Trademarks, Customer relations and goodwill as part of the transactions.

Measurement of Goodwill, Trademarks and Customer relations

Goodwill, Trademarks and Customer relations was acquired in connection with acquisition of businesses. Goodwill is allocated to the cash-generating units under which management manages the investment. The carrying amount is tested for impairment at least annually. Impairment testing involves estimates of future cash flows and is affected by several factors, including discount rates and other circumstances dependent on economic trends, such as customer behaviour and competition. **Cf. note 11**.

Control of subsidiaries

Control of subsidiaries is assessed yearly. Hence whether a subsidiary should still be part of the consolidation on line by line basis or as a single line item in the balance sheet.

Description of accounting policies

Recognition and measurement

The annual report has been prepared under the historical cost convention, as modified by the revaluation of owner-occupied property, where increases are recognised in other comprehensive income, and revaluation of investment property, financial assets held for trading and financial assets and financial liabilities (including derivative instruments) at fair value are recognised in the income statement.

Assets are recognised in the statement of financial position when it is probable that future economic benefits will flow to the Group, and the value of such assets can be measured reliably. Liabilities are recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of such liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost, with the exception of financial assets, which are recognised at fair value. Measurement after initial recognition is affected as described below for each item. Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the statement of financial position date are considered at recognition and measurement.

Income is recognised in the income statement as earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recognised in the income statement unless otherwise described below.

All amounts in the notes are shown in millions of DKK, unless otherwise stated.

Consolidation

Consolidated financial statements

The consolidated financial statements comprise the financial statements of Tryg A/S (the parent company) and the enterprises (subsidiaries) controlled by the parent company. The parent company is regarded as controlling an enterprise when it
i) exercises a controlling influence over the relevant activities in the enterprise in question,
ii) is exposed to or has the right to a variable return on its investment, and
iii) can exercise its controlling influence to affect the variable return.

Enterprises in which the Group directly or indirectly holds between 20% and 50% of the voting rights and exercises significant influence but no controlling influence are classified as associates.

Basis of consolidation

The consolidated financial statements are prepared based on the financial statements of Tryg A/S and its subsidiaries. The consolidated financial statements are prepared by combining items of a uniform nature.

The financial statements used for the consolidation are prepared in accordance with the Group's accounting policies.

On consolidation, intra-group income and costs, intra-group accounts and dividends, and gains and losses arising on transactions between the consolidated enterprises are eliminated.

Items of subsidiaries are fully recognised in the consolidated financial statements.

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the date of acquisition and the date of formation, respectively. The date of acquisition is the date on which control of the acquired enterprise actually passes to Tryg. Divested or discontinued enterprises are recognised in the consolidated statement of comprehensive income up to the date of disposal or the settlement date. The date of disposal is the date on which control of the divested enterprise actually passes to a third party.

The purchase method is applied for new acquisitions if the Group gains control of the acquired enterprise. Subsequently, identifiable assets, liabilities and contingent liabilities in the acquired enterprises are measured at fair value at the date of acquisition. Non-current assets which are acquired with the intention of selling them are, however, measured at fair value less expected selling costs. Restructuring costs are recognised in the pre-acquisition balance sheet only if they constitute an obligation for the acquired enterprise. The tax effect of revaluations is taken into account. The acquisition price of an enterprise consists of the fair value of the price paid for the acquired enterprise. If the final determination of the price is conditional upon one or more future events, such events are recognised at their fair values at the date of acquisition. Costs relating to the acquisition are recognised in the income statement as incurred.

Any positive balances (goodwill) between the acquisition price of the acquired enterprise, the value of minority interests in the acquired enterprise and the fair value of previously acquired equity investments, on the one hand, and the fair value of the acquired assets,

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liabilities and contingent liabilities, on the other hand, are recognised as an asset under intangible assets, and are tested for impairment at least once a year. If the carrying amount of the asset exceeds its recoverable amount, it is impaired to the lower recoverable amount.

In the event of negative balances (negative goodwill), the calculated fair values, the calculated acquisition price of the enterprise, the value of minority interests in the acquired enterprise and the fair value of previously acquired equity investments are revalued. If the balance is still negative, the amount is recognised as income in the income statement.

If, at the date of acquisition, there is uncertainty as to the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the acquisition price, initial recognition is based on a preliminary determination of values. The preliminarily determined values may be adjusted or additional assets or liabilities may be recognised up to 12 months after the acquisition, provided that new information has come to light regarding matters existing at the date of acquisition which would have affected the determination of the values at the date of acquisition, had such information been known.

Generally, subsequent changes in estimates of conditional acquisition prices are recognised directly in the income statement.

Currency translation
A functional currency is determined for each of the reporting entities in the Group. The functional currency is the currency used in the primary economic environment in which the reporting entity operates. Transactions in currencies other than the functional currency are transactions in foreign currencies.

On initial recognition, transactions in foreign currencies are translated into the functional currency using the exchange rate applicable at the transaction date. Assets and liabilities denominated in foreign currencies are translated using the exchange rates applicable at the statement of financial position date. Translation differences are recognised in the income statement under price adjustments.

On consolidation, the assets and liabilities of the Group's foreign operations are translated using the exchange rates applicable at the statement of financial position date. Income and expense items are translated using the average exchange rates for the period. Exchange rate differences arising on translation are classified as other comprehensive income and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the activities are divested. All other foreign currency translation gains and losses are recognised in the income statement.

The presentation currency in the annual report is DKK.

Segment reporting
Segment information is based on the Group's management and internal financial reporting system and supports the management decisions on allocation of resources and assessment of the Group's results divided into segments.

The operational business segments in the Tryg are Private, Commercial, Corporate and Sweden. Private encompasses the sale of insurances to private individuals in Denmark and Norway. Commercial encompasses the sale of insurances to small and medium sized businesses, in Denmark and Norway. Corporate sells insurances to industrial clients primarily in Denmark, Norway and Sweden. In addition, Corporate handles all business involving brokers. Sweden encompasses the sale of insurance products to private individuals in Sweden as well as sale of Product insurances in the Nordic region.

Geographical information is presented based on the economic environment in which the Tryg Group operates. The geographical areas are Denmark, Norway and Sweden.

Segment income and segment costs as well as segment assets and liabilities comprise those items that can be directly attributed to each individual segment and those items that can be allocated to the individual segments on a reliable basis. Unallocated items primarily comprise assets and liabilities concerning investment activity managed at Group level.

Key ratios
Earnings per share (EPS) are calculated according to IAS 33. This and other key ratios are calculated in accordance with Recommendations and Ratios issued by the The Danish Finance Society and the Executive Order on Financial Reports for Insurance Companies and Multi-Employer Occupational Pension Funds issued by the Danish Financial Supervisory Authority.

Income statement

Premiums
Premium income represents gross premiums written during the year, net of reinsurance premiums and adjusted for changes in premium provisions, corresponding to an accrual of premiums to the risk period of the policies, and in the reinsurers' share of the premium provisions.

Premiums are calculated as premium income in accordance with the risk exposure over the cover period, calculated separately for each individual insurance contract. The calculation is generally based on the pro rata method, although this is adjusted for an unevenly divided risk between lines of business with strong seasonal variations or for policies lasting many years.

The portion of premiums received on contracts that relate to unexpired risks at the statement of financial position date is reported under premium provisions.

The portion of premiums paid to reinsurers that relate to unexpired risks at the statement of financial position date is reported as the reinsurers' share of premium provisions.

Technical interest
According to the Danish FSA's executive order, technical interest is presented as a calculated return on the year's average insurance liability provisions, net of reinsurance. The calculated interest return for grouped classes of risks is calculated as the monthly average provision plus an actual interest from the present yield curve for each individual group of risks. The interest is applied according to the expected run-off pattern of the provisions.

Insurance technical interest is reduced by the portion of the increase in net provisions that relates to unwinding.

Claims
Claims are claims paid during the year adjusted for changes in claims provisions less the reinsurers' share. In addition, the item includes run-off gains/losses in respect of previous years. The portion of the increase in provisions which can be ascribed to unwinding is transferred to insurance technical interest.

Claims are shown inclusive of direct and indirect claims handling costs, including costs of inspecting and assessing claims, costs to combat and mitigate damage and other direct and indirect costs associated with the handling of claims incurred.

Changes in claims provisions due to changes in yield curve and exchange rates are recognised as a price adjustment.

Tryg hedges the risk of changes in future pay and price figures for provisions for workers' compensation. Tryg uses zero coupon inflation swaps acquired with a view to hedging the inflation risk. Value adjustments of these swaps are included in claims, thereby reducing the effect of changes to inflation expectations under claims.

Bonus and premium discounts
Bonuses and premium discounts represent anticipated and refunded premiums to policyholders, where the amount refunded depends on the claims record, and for which the criteria for payment have been defined prior to the financial year or when the insurance was taken out.

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Insurance operating costs
Insurance operating costs represent acquisition costs and administration expenses less reinsurance commissions received. Expenses relating to acquiring and renewing the insurance portfolio are recognised at the time of writing the business. Underwriting commission is recognised when a legal obligation occurs. Administration expenses are all other expenses attributable to the administration of the insurance portfolio. Administration expenses are accrued to match the financial year.

Share-based payment
The Tryg Group's incentive programmes comprise an employee bonus scheme and incentive programmes for executive board, risk takers and other employees.

Employee bonus scheme
According to the remuneration policy, the Group's employees can be granted a bonus in the form of free shares. When the bonus is granted, employees can choose between receiving shares or cash. The expected value of the shares will be expensed over the performance period. The scheme will be treated as a complex financial instrument, consisting of the right to cash settlement and the right to request delivery of shares. The difference between the value of shares and the cash payment is recognised in equity and is not remeasured. The remainder is treated as a liability and is remeasured until the time of exercise, such that the total recognition is based on the actual number of shares or the actual cash amount.

Conditional shares
Other risk takers have been allotted conditional shares in accordance with the incentive programme for risk takers.

Equity-settled conditional shares are measured at the fair value at the allotment date and recognised under staff costs over the period from the allotment date until the end of the deferral period (the transfer date), where the holder receive free shares.

The shares are recognised at market value and are accrued from one to four years.

Matching shares
As part of the matching shares-program for the executive board members, members of the board have bought investment shares in Tryg A/S at market price, using taxed funds, for up to the amount decided by the Supervisory Board.

Other incentive program participants who are not risk takers have also bought investment shares as part of their incentive program.

The purchase of investment shares entitles the holder to a number of matching shares, corresponding to the number of investment shares which the holder has bought. The shares (matching shares) are provided free of charge, four (Executive Board) or three years (other participants) after the time of purchase of the investment shares. The holder may not sell the shares until six months after the matching date.

The shares are recognised at market value and are accrued over the four and tree year maturation period, based on the market price at the time of acquisition. Recognition is from the end of the month of acquisition under staff expenses with a balancing entry directly in equity. If the holder retires during the maturation period but remains entitled to shares, the remaining expense is recognised in the current accounting year.

Investment activities
Income from associates includes the Group's share of the associates' net profit.

Income from investment properties before fair value adjustment represents the profit from property operations less property management expenses.

Interest and dividends represent interest earned and dividends received during the financial year. Realised and unrealised investment gains and losses, including gains and losses on derivative financial instruments, value adjustment of investment property, foreign currency translation adjustments and the effect of movements in the yield curve used for discounting, are recognised as value adjustments.

Investment management charges represent expenses relating to the management of investments including salary and management fees on the investment area. The external investors share of the result in Kapitalforeningen Tryg Invest Funds and Tryg Invest Real Estate are either deducted (in case of a profit) from or added (in case of a loss) to the investment result.

Other income and costs
Other income and costs include income and expenses which cannot be ascribed to the Group´s insurance portfolio or investment assets, including the sale of products for Velliv, Pension & Livsforsikring A/S, Danske Bank and depreciations of intangibles assets identified in Business combinations.

Discontinued and divested business
Discontinued and divested business is consolidated in one item in the income statement. Discontinued and divested business includes gross premiums, gross claims, gross costs, profit/loss on ceded business, insurance technical interest net of reinsurance, investment return after insurance technical interest, other income and costs and tax in respect of the discontinued business. Any reversal of earlier impairment is recognised under other income and costs.

The statement of financial position items concerning discontinued activities are reported unchanged under the respective entries whereas assets and liabilities concerning divested activities are consolidated under one item as assets held for sale and liabilities held for sale.

Statement of financial position
Intangible assets
Goodwill
Goodwill is acquired in connection with acquisition of business. Goodwill is calculated as the difference between the cost of the undertaking and the fair value of acquired identifiable assets, liabilities and contingent liabilities at the time of acquisition. Goodwill is allocated to the cash-generating units under which management manages the investment and is recognised under intangible assets. Goodwill is not amortised but is tested for impairment at least once per year.

Trademarks and customer relations
Trademarks and customer relations have been identified as intangible assets on acquisition. The intangible assets are recognised at fair value at the time of acquisition and amortised on a straight-line basis over the expected economic lifetime of 5–15 years.

Software
Acquired computer software licences are capitalised on the basis of the costs incidental to acquiring and bringing to use the specific software. The costs are amortised based on an estimated economic lifetime of up to 8 years.

Costs for group developed software that are directly connected with the production of identifiable and unique software products, where there is sufficient certainty that future earnings will exceed the costs in more than one year, are reported as intangible assets. Direct costs include personnel costs for software development and directly attributable relevant fixed costs. All other costs connected with the development or maintenance of software are continuously charged as expenses.

After completion of the development work, the asset is amortised according to the straight-line method over the assessed economic lifetime, though over a maximum of 8 years. The amortisation basis is reduced by any impairment and write-downs.

Assets under construction
Group-developed intangibles are recorded under the entry "Assets under construction" until they are put into use, whereupon they are reclassified as software and are amortized in accordance with the amortization periods stated above.

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Fixed assets

Operating equipment

Fixtures and operating equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost encompasses the purchase price and costs directly attributable to the acquisition of the relevant assets until the time when such assets are ready to be brought into use.

Depreciation of operating equipment is calculated using the straight-line method over its estimated economic lifetime as follows:

- IT, 4 years
- Vehicles, 5 years
- Furniture, fittings and equipment, 5-10 years

Leasehold improvements are depreciated over the expected economic lifetime, however maximally the term of the lease.

Gains and losses on disposals and retired assets are determined by comparing proceeds with carrying amounts. Gains and losses are recognised in the income statement. When revalued assets are sold, the amounts included in the revaluation reserves are transferred to retained earnings.

Leasing

Right-of-use assets

At inception of a contract, Tryg assesses whether a contract is, or contains, a lease. It has the following prerequisites:

- The underlying asset is identifiable
- The group has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use
- The group has the right to direct the use of the asset

Tryg recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, excluding short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

At inception or on reassessment of a contract that contains lease components, Tryg allocates the consideration in the contract to each lease component based on their relative stand-alone prices.

Right-of-use asset (ROU asset) and lease liability are recognised at the lease commencement date. The ROU asset is initially measured the cost, which comprises the initial amount of the lease liability adjusted for

- lease payments made at or before the commencement date
- any initial direct cost incurred
- estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset
- lease incentives received

ROU assets are tested for impairment.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, Tryg uses its incremental borrowing rate. Subsequently, the lease liability is measured at amortised cost using the effective interest method and is presented as part of other debt. It is remeasured when there is a change in future lease payments. A corresponding adjustment is made to the carrying amount of the ROU asset.

Land and buildings

Land and buildings are divided into owner-occupied property and investment property. The Group sold the owner-occupied property in Høje Taastrup and have no longer any owner occupied properties. All remaining properties are classified as investment property.

Investment property

Properties held for renting yields that are not occupied by the Group are classified as investment properties.

Investment property is recognised at fair value. Fair value is based on market prices, adjusted for any differences in the nature, location or maintenance condition of specific assets. If this information is not available, the Group uses alternative valuation methods such as discounted cash flow projections and recent prices in the market.

The fair value is calculated on the basis of market-specific rental income per property and typical operating expenses for the coming year. The resulting operating income is divided by the required return on the property in per cent, which is adjusted to reflect market interest rates and property characteristics, corresponding to the present value of a perpetual annuity. The value is subsequently adjusted with the value in use of the return on prepayments and deposits and adjustments for specific property issues such as vacant premises or special tenant terms and conditions. Cf. note 15.

Changes in fair values are recorded in the income statement.

Impairment test for intangible assets, property and operating equipment

Operating equipment and intangible assets are assessed at least once per year to ensure that the depreciation method and the depreciation period that is used are connected to the expected economic lifetime. This also applies to the salvage value. Write-down is performed if impairment has been demonstrated.

Goodwill is tested annually for impairment, or more often if there are indications of impairment, and impairment testing is performed for each cash-generating unit to which the asset belongs. The present value is normally established using budgeted cash flows based on business plans. The business plans are based on past experience and expected market developments.

Equity investments in Group undertakings

The parent company's equity investments in subsidiaries are recognised and measured using the equity method. The parent company's share of the enterprises' profits or losses after elimination of unrealised intra-group profits and losses is recognised in the income statement. In the statement of financial position, equity investments are measured at the pro rata share of the enterprises' equity.

Subsidiaries with a negative net asset value are recognised at zero value. Any receivables from these enterprises are written down by the parent company's share of such negative net asset value where the receivables are deemed irrecoverable. If the negative net asset value exceeds the amount receivable, the remaining amount is recognised under provisions if the parent company has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Net revaluation of equity investments in subsidiaries is taken to reserve for net revaluation under equity if the carrying amount exceeds cost.

The results of foreign subsidiaries are based on translation of the items in the income statement using average exchange rates for the period unless they deviate significantly from the transaction day exchange rates. Income and costs in domestic enterprises denominated in foreign currencies are translated using the exchange rates applicable on the transaction date.

Statement of financial position items of foreign subsidiaries are translated using the exchange rates applicable at the statement of financial position date.

When it is assessed that the parent company no longer has control over the subsidiary, it will be transferred to either assets held for sale or unquoted shares and when sold, it will be derecognised.

Equity investments in associates

Associates are enterprises in which the Group has significant influence but not control, generally in the form of an ownership interest of between 20% and 50% of the

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voting rights. Equity investments in associates are measured using the equity method and the carrying amount of the investment represents the Group's proportionate share of the enterprises' net assets. Significant transaction costs are recognised as part of the acquisition price.

Profit after tax from equity investments in associates is included as a separate line in the income statement. Income is made up after elimination of unrealised intra-group profits and losses.

Associates with a negative net asset value are measured at zero value. If the Group has a legal or constructive obligation to cover the associate's negative balance, such obligation is recognised under liabilities.

Investments

Investments include financial assets at fair value which are recognised in the income statement. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments on initial recognition and re-evaluates this at every reporting date.

Financial assets measured at fair value with recognition of value adjustments in the income statement comprise assets that form part of a trading portfolio and financial assets designated at fair value with value adjustment via the income statement.

Financial assets at fair value recognised in income statement

Financial assets are recognised at fair value on initial recognition if they are entered in a portfolio that is managed in accordance with fair value. Derivative financial instruments are similarly classified as financial assets held for sale, unless they are classified as security.

Realised and unrealised profits and losses that may arise because of changes in the fair value for the category financial assets at fair value are recognised in the income statement in the period in which they arise.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired, or if they have been transferred, and the Group has also transferred substantially all risks and rewards of ownership. Financial assets are recognised and derecognised on a trade date basis, the date on which the Group commits to purchase or sell the asset.

The fair values of quoted securities are based on stock exchange prices at the statement of financial position date. For securities that are not listed on a stock exchange, or for which no stock exchange price is quoted that reflects the fair value of the instrument, the fair value is determined using valuation techniques. These include the use of similar recent arm's length transactions, reference to other similar instruments or discounted cash flow analysis.

Derivative financial instruments and hedge accounting

The Group's activities expose it to financial risks, including changes in share prices, foreign exchange rates, interest rates and inflation. Forward exchange contracts and currency swaps are used for currency hedging of portfolios of shares, bonds, hedging of foreign entities and insurance statement of financial position items. Interest rate derivatives in the form of futures, forward contracts, repos, swaps and FRAs are used to manage cash flows and interest rate risks related to the portfolio of bonds and insurance provisions. Share derivatives in the form of futures and options are used from time to time to adjust share exposures.

Derivative financial instruments are reported from the trading date and are measured in the statement of financial position at fair value. Positive fair values of derivatives are recognised as derivative financial instruments under assets. Negative fair values of derivatives are recognised under derivative financial instruments under liabilities. Positive and negative values are only offset when the company is entitled or intends to make net settlement of more financial instruments.

Calculation of value is generally performed based on rates supplied by Danske Bank with relevant information providers and is checked by the Group's valuation technicians. Discounting based on market interest rates is applied in the case of derivative financial instruments involving an expected future cash flow.

Recognition of the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of investments in foreign entities. Changes in the fair value of derivatives that are designated and qualify as net investment hedges in foreign entities and which provide effective currency hedging of the net investment are recognised in other comprehensive income. The net asset value of the foreign entities estimated at the beginning of the financial year is hedged 90-100% by entering into short-term forward exchange contracts according to the requirements of hedge accounting. Changes in the fair value relating to the ineffective portion are recognised in the income statement. Gains and losses accumulated in equity are included in the income statement on disposal of the foreign entity.

Reinsurers' share of provisions for insurance contracts

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurers' share of provisions for insurance contracts. Contracts that do not meet these classification requirements are classified as financial assets.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as assets and reported as reinsurers' share of provisions for insurance contracts.

Amounts receivable from reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

Changes due to unwinding are recognised in insurance technical interest. Changes due to changes in the yield curve or foreign exchange rates are recognised as price adjustments.

The Group continuously assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount. Impairment losses are recognised in the income statement.

Receivables

Total receivables comprise accounts receivable from policyholders and insurance companies as well as other accounts receivable. Other receivables primarily contain accounts receivable in connection with property.

Receivables that arise because of insurance contracts are classified in this category and are reviewed for impairment as a part of the impairment test of accounts receivable.

Receivables are recognised initially at fair value and are subsequently assessed at amortised cost. The income statement includes an estimated reservation for expected unobtainable sums when a clear indication of the asset impairment is observed. The reservation entered is assessed as the difference between the carrying amount of an asset and the present value of expected future cash flows.

Other assets

Other assets include current tax assets and cash at bank and in hand. Current tax assets are receivables concerning tax for the year adjusted for on-account payments and any prior-year adjustments. Cash at bank and in hand is recognised at nominal value at the statement of financial position date.

Prepayments and accrued income

Prepayments include expenses paid in respect of subsequent financial years and interest receivable. Accrued underwriting commission relating to the sale of insurance products is also included.

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Equity

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Revaluation reserves

Revaluation of owner-occupied property is recognised in other comprehensive income unless the revaluation offsets a previous impairment loss.

Foreign currency translation reserve

Assets and liabilities of foreign entities are recognised using the exchange rate applicable at the statement of financial position date. Income and expense items are recognised using the average monthly exchange rates for the period. Any resulting differences are recognised in Other comprehensive income. When an entity is wound up, the balance is transferred to the income statement. The hedging of the currency risk in respect of foreign entities is also offset in other comprehensive income in respect of the part that concerns the hedge.

Contingency fund reserves

Contingency fund reserves are recognised as part of retained earnings under equity. The reserves may only be used when so permitted by the Danish Financial Supervisory Authority and when it is for the benefit of the policyholders. The Norwegian contingency fund reserves include provisions for the Norwegian Natural Perils Pool and security reserve. The Danish and Swedish provisions comprise contingency fund provisions. Deferred tax on the Norwegian and Swedish contingency fund reserves is allocated.

Dividends

Proposed dividend is recognised as a liability at the time of adoption by the shareholders at the annual general meeting (date of declaration).

Own shares

The purchase and sale sums of own shares and dividends thereon are taken directly to retained earnings under equity. Own shares include shares acquired for incentive programmes and share buyback programme.

Proceeds from the sale of own shares in connection with the exercise of share options or matching shares are taken directly to equity.

Subordinate loan capital

Subordinate loan capital is recognised initially at fair value, net of transaction costs incurred. Subordinate loan capital is subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the borrowing period using the effective interest method.

Provisions for insurance contracts

Premiums written are recognised in the income statement (premium income) proportionally over the period of coverage and, where necessary, adjusted to reflect any time variation of the risk. The portion of premiums written on in-force contracts that relates to unexpired risks at the statement of financial position date is reported as premium provisions. Premium provisions are generally calculated according to a best estimate of expected payments throughout the agreed risk period; however, as a minimum as the part of the premium calculated using the pro rata temporis principle until the next payment date. Adjustments are made to reflect any risk variations. This applies to gross as well as ceded business.

Claims and claims handling costs are expensed in the income statement as incurred based on the estimated liability for compensation owed to policyholders or third parties sustaining losses at the hands of the policyholders. They include direct and indirect claims handling costs that arise from events that have occurred up to the statement of financial position date even if they have not yet been reported to the Group. Claims provisions are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported and the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions). The provisions include claims handling costs.

Claims provisions are discounted. Discounting is based on a yield curve reflecting duration applied to the expected future payments from the provision. Discounting affects the motor liability, professional liability, workers' compensation and personal accident and health insurance classes, in particular.

Provisions for bonuses and premium discounts etc. represent amounts expected to be paid to policyholders in view of the claims experience during the financial year.

Claims provisions are determined for each line of business based on actuarial methods. Where such business lines encompass more than one business area, short-tailed claims provisions are distributed based on number of claims reported while long-tailed claims provisions are distributed based on premiums earned. The models currently used are Chain-Ladder, Bornhuetter-Ferguson, the Loss Ratio method. Chain-Ladder techniques are used for lines of business with a stable run-off pattern. The Bornhuetter-Ferguson method, and sometimes the Loss Ratio method, are used for claims years in which the previous run-off provides insufficient information about the future run-off performance.

The provision for annuities under workers' compensation insurance is calculated on the basis of a mortality corresponding to the G82 calculation basis (official mortality table).

In some instances, the historic data used in the actuarial models is not necessarily predictive of the expected future development of claims. For example, this is the case with legislative changes where an a priori estimate is used for premium increases related to the expected increase in claims. In connection with legislative changes, the same estimate is used for determining the change in the level of claims. Subsequently, this estimate is maintained until new loss history materialises which can be used for re-estimation.

Several assumptions and estimates underlying the calculation of the claims provisions are mutually dependent. Most importantly, this can be expected to be the case for assumptions relating to interest rates and inflation.

Workers' compensation is an area in which explicit inflation assumptions are used, with annuities for the insured being indexed based on the workers' compensation index. An inflation curve that reflects the market's inflation expectations plus a real wage spread is used as an approximation to the workers' compensation index.

For other lines of business, the inflation assumptions, because present only implicitly in the actuarial models, will cause a certain lag in predicting the level of future losses when a change in inflation occurs. On the other hand, the effect of discounting will show immediately as a consequence of inflation changes to the extent that such changes affect the interest rate.

Other correlations are not deemed to be significant.

Liability adequacy test

Tests are continuously performed to ensure the adequacy of the insurance provisions. In performing these tests, current best estimates of future cash flows of claims, gains and direct and indirect claims handling costs are used. Any deficiency results in an increase in the relevant provision, and the adjustment is recognised in the income statement.

Employee benefits

Pension obligations

The Group operates various pension schemes. The schemes are funded through contributions to insurance companies or trustee-administered funds. In Norway, the Group operated a defined-benefit plan which was closed at 01 January 20. In Denmark, the

Notes

Group operates a defined-contribution plan. A defined-contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions. In Sweden, the Group complies with the industry pension agreement, FTP-Planen. FTP-Planen is primarily a defined-benefit plan as regards the future pension benefits. Försäkringsbranschens Pensionskassa (FPK) is unable to provide sufficient information for the Group to use defined-benefit accounting. The plan is on that basis accounted for as a defined-contribution plan. As part of the termination of the defined-benefit plan in Norway, an agreement of compensation to the employees covered by the plan was agreed. A liability has been established to cover the expected compensation to be paid to the employees upon retirement from the company. If the employee leaves before retirement only a part of the compensation is paid. There is no future actuarial assumptions related to the liability, only uncertainty is whether the employees stays to retirement or not.

Other employee benefits

Employees of the Group are entitled to a fixed payment when they reach retirement and when they have been employed with the Group for 25 and for 40 years. The Group recognises this liability at the time of signing the contract of employment.

In special instances, the employee can enter into a contract with the Group to receive compensation for loss of pension benefits caused by reduced working hours. The Group recognises this liability based on statistical models.

Income tax and deferred tax

The Group expenses current tax according to the tax laws of the jurisdictions in which it operates. Current tax liabilities and current tax receivables are recognised in the statement of financial position as estimated tax on the taxable income for the year, adjusted for change in tax on prior years' taxable income and for tax paid under the on-account tax scheme.

Deferred tax is measured according to the statement of financial position liability method on all timing differences between the tax and accounting value of assets and liabilities. Deferred income tax is measured using the tax rules and tax rates that apply in the relevant countries on the statement of financial position date when the deferred tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets, including the tax value of tax losses carried forward, are recognised to the extent that it is probable that future taxable profit will be realised against which the temporary differences can be offset.

Deferred income tax is provided on temporary differences concerning investments, except where Tryg controls when the temporary difference will be realised, and it is probable that the temporary difference will not be realised in the foreseeable future.

Other provisions

Provisions are recognised when the Group has a legal or constructive obligation because of an event prior to or at the statement of financial position date, and it is probable that future economic benefits will flow out of the Group. Provisions are measured at the best estimate by management of the expenditure required to settle the present obligation. Provisions for restructurings are recognised as obligations when a detailed formal restructuring plan has been announced prior to or at the statement of financial position date at the latest to the persons affected by the plan.

Own insurance is included under other provisions. The provisions apply to the Group's own insurance claims and are reported when the damage occurs according to the same principle as the Group's other claims provisions.

Debt

Debt comprises debt in connection with direct insurance and reinsurance, amounts owed to credit institutions, current tax obligations, debt to group undertakings and other debt. Derivative financial instruments are assessed at fair value according to the same practice that applies to financial assets. Other liabilities are assessed at amortised cost based on the effective interest method.

Debt related to leasing and the external investors share of Kapitalforeningen Tryg Invest Funds and TI Real Estate KL are included in other debt. The external investors share of Kapitalforeningen Tryg Invest Funds relates to shares, bonds and investment properties.

Cash flow statement

The consolidated cash flow statement is presented using the direct method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and end of the financial year. No separate cash flow statement has been prepared for the parent company because it is included in the consolidated cash flow statement.

Cash flows from operating activities are calculated whereby major classes of gross cash receipts and gross cash payments are disclosed.

Cash flows from investing activities comprise payments in connection with the purchase and sale of intangible assets, property, plant and equipment as well as financial assets and deposits with credit institutions.

Cash flows from financing activities comprise changes in the size or composition of Tryg's share capital and related costs as well as the raising of loans, repayments of interest-bearing debt and the payment of dividends.

Cash and cash equivalents comprise cash and demand deposits.

Other

The amounts in the report are disclosed in whole numbers of DKKm, unless otherwise stated. The amounts have been rounded and consequently the sum of the rounded amounts and totals may differ slightly.

Income statement for Tryg A/S (parent company)

Note	DKKm	2020	2019
Note	**Investment activities**		
1	Income from Group undertakings	2,843	2,903
	Administration expenses in connection with investment activities	-2	-5
	Total investment return	2,841	2,899
2	Other expenses	-88	-74
	Profit/loss before tax	**2,753**	**2,825**
3	Tax	20	18
	Profit/loss for the year	**2,773**	**2,843**
	Proposed distribution for the year:		
	Dividend	2,115	2,553
	Transferred to reserve for net revaluation according to the equity method	235	865
	Transferred to retained earnings	423	-575
		2,773	**2,843**

Note	DKKm	2020	2019
Note	**Statement of comprehensive income**		
	Profit/loss for the year	2,773	2,843
	Other comprehensive income		
	Other comprehensive income which cannot subsequently be reclassified as profit or loss		
	Actuarial gains/losses on defined-benefit pension plans	-68	-76
	Tax on actuarial gains/losses on defined-benefit pension plans	6	19
		-62	-57
	Other comprehensive income which can subsequently be reclassified as profit or loss		
	Exchange rate adjustments of foreign entities for the year	-51	32
	Hedging of currency risk in foreign entities for the year	127	-19
	Tax on hedging of currency risk in foreign entities for the year	-28	4
		48	18
	Total other comprehensive income	**-14**	**-39**
	Comprehensive income	**2,759**	**2,804**

Statement of financial position for Tryg A/S (parent company)

Note	DKKm	2020	2019
Note	**Assets**		
4	Intangible assets	0	1
5	Equity investments in Group undertakings	12,475	12,234
	Equity investments in associates	1	0
	Total investments in associates and Group undertakings	**12,475**	**12,234**
	Total investment assets	**12,475**	**12,234**
6	Current tax assets	20	17
	Other	2	1
	Total other assets	**21**	**18**
	Total prepayments and accrued income	**326**	**2**
	Total assets	**12,823**	**12,255**

Note	DKKm	2020	2019
Note	**Equity and liabilities**		
	Equity	**12,264**	**12,085**
	Debt to Group undertakings	513	163
	Other debt	46	7
	Total debt	**559**	**170**
	Total equity and liabilities	**12,823**	**12,255**

7 **Deferred tax assets**
8 **Own funds**
9 **Contractual obligations, contingent liabilities and collateral**
10 **Related parties**
11 **Reconciliation of profit/loss and equity**
12 **Accounting policies**

Statement of changes in equity (parent company)

DKKm	Share capital	Revaluation reserves	Retained earnings	Proposed dividend	Non-controlling interest	Total
Equity at 31 December 2019	**1,511**	**3,238**	**6,323**	**1,013**	**1**	**12,085**
2020						
Profit/loss for the year		235	423	2,115	0	2,773
Other comprehensive income		-14				-14
Total comprehensive income	0	220	423	2,115	0	2,758
Dividend paid				-2,599		-2,599
Dividend own shares			4			4
Purchase and sale of own shares			-13			-13
Issue of share options and matching shares			29			29
Total changes in equity in 2020	**0**	**220**	**442**	**-484**	**0**	**179**
Equity at 31 December 2020	**1,511**	**3,458**	**6,765**	**529**	**1**	**12,264**
Equity at 31 December 2018	**1,511**	**2,412**	**6,912**	**499**	**0**	**11,334**
2019						
Profit/loss for the year		865	-575	2,553	0	2,843
Other comprehensive income		-39				-39
Total comprehensive income	0	826	-575	2,553	0	2,804
Dividend paid				-2,040		-2,040
Dividend own shares			1			1
Purchase and sale of own shares			-42			-42
Issue of share options and matching shares			27			27
Non-controlling interest					1	1
Total changes in equity in 2019	**0**	**826**	**-589**	**514**	**1**	**751**
Equity at 31 December 2019	**1,511**	**3,238**	**6,323**	**1,013**	**1**	**12,085**

Proposed dividend per share is calculated as the total dividend proposed by the Supervisory Board after the end of the financial year divided by the total number of shares at the end of the year (302,147,991 shares).

Notes

DKKm		2020	2019
1	**Income from Group undertakings**		
	Tryg Invest A/S	11	9
	Alka Fordele A/S	-5	0
	Tryg Forsikring A/S	2,837	2,895
		2,843	**2,903**
2	**Other expenses**		
	Administration expenses	-88	-74
		-88	**-74**
	Remuneration for the Executive Board is paid partly by Tryg A/S and partly by Tryg Forsikring A/S and is charged to Tryg A/S via the cost allocation. Refer to Note 6 in the Tryg Group for a specification of the audit fee.		
	Average number of full-time employees for the year	8	9
3	**Tax**		
	Reconciliation of tax costs		
	Tax on profit/loss for the year	20	17
	Tax adjustments, previous years	0	1
		20	**18**
	Effective tax rate	**%**	**%**
	Tax on profit/loss for the year	22	22
	Adjustment of non-taxable income and costs	1	1
		23	**23**

DKKm		2020	2019
4	**Intangible assets**		
	Assets under construction		
	Cost at 1 January	1	1
	Cost at 31 December	1	1
	Amortisation and write-downs		
	Amortisation and write-downs at 1 Januray	0	0
	Amortisation for the year	-1	0
	Amortisation and write-downs at 31 December	-1	0
	Carrying amount at 31 December	**0**	**1**
5	**Equity investments in Group undertakings**		
	Cost		
	Cost at 1 January	8,995	8,995
	Additions for the year	10	0
	Cost at 31 December	9,005	8,995
	Revaluation and impairment to net asset value		
	Revaluation and impairment at 1 January	3,238	2,412
	Revaluations for the year	2,830	2,866
	Dividend paid	-2,598	-2,039
	Revaluation and impairment at 31 December	3,470	3,238
	Carrying amount at 31 December	**12,475**	**12,234**

Notes

DKKm			
5 Equity investments in Group undertakings (continued)			
Name, registered office and activity	**Ownership share in %**	**Profit/loss**	**Equity**
2020			
Tryg Invest A/S, Ballerup	100	11	31
Alka Fordele A/S, Ballerup	100	-5	5
Tryg Forsikring A/S, Ballerup	100	2,837	12,438
2019			
Tryg Invest A/S, Ballerup	100	9	20
Tryg Forsikring A/S, Ballerup	100	2,895	12,214

DKKm	2020	2019
6 Current tax assets		
Tax receivable at 1 January	17	14
Current tax for the year	20	17
Adjustment of current tax in respect of previous years	0	1
Tax paid for the year	-17	-14
Tax receivable at 31 December	**20**	**17**
7 Deferred tax assets		
Capitalised tax losses		
Tryg A/S	0	0
Tax value of non-capitalised tax losses		
Tryg A/S	16	16

The loss in Tryg A/S can only be utilised in Tryg A/S.
The loss can be carried forward indefinitely.

The losses are not recognised as tax assets until it has been substantiated that the company can generate sufficient future taxable income to offset the tax losses.

8 Own funds

Tryg A/S calculates solvency ratio and own funds on Group level according to Solvency II rules. Please refer to note18 in the Tryg Group on Solvency II own funds.

9 Contractual obligations, contingent liabilities and collateral

The Danish companies in the Tryg Group are jointly taxed with TryghedsGruppen smba. The companies and the other jointly taxed companies are liable for any obligations to withhold taxes at source on interest, royalties, dividends and income taxes etc. in respect of the jointly taxed companies.

Companies in the Tryg Group are party to a number of disputes in Denmark, Norway and Sweden. Management believes that the outcome of these disputes will not affect the Group's financial position over and above the receivables and liabilities recognised in the statement of financial position at 31 December 2020.

Notes

DKKm

10 Related parties

Tryg A/S has no related parties with a controlling influence other than the parent company, Trygheds-Gruppen smba. Related parties with a significant influence include the Supervisory Board, the Executive Board and their members' related family.

Specification of remuneration

2020	Number of persons	Base salary incl. car allowance	Share-based variable salary a)	Cash variable salary	Pension	Total
Supervisory Board	14	9	0	0	0	9
Executive Board	4	29	11	0	7	47
Risk-takers b)	1	0	0	0	0	0
	19	**38**	**11**	**0**	**7**	**57**

a) Total expenses recognised in 2020 for matching shares and conditional shares allocated in 2019 and previous year. For matching shares and conditional shares allocated to Executive Board in 2020, please refer to "Corporate governance" in Management review.

b) Risk-takers in Tryg A/S includes only one employee, wherefore salary and pension is not presented. The amounts are included in note 27 for Tryg Group.

Of which retired	Number of persons	Severance pay
Supervisory Board	2	0
	2	**0**

DKKm

10 Related parties (continued)

2019	Number of persons	Base salary incl. car allowance	Share-based variable salary a)	Cash variable salary	Pension	Total
Supervisory Board	14	9	0	0	0	9
Executive Board b)	4	27	5	0	7	39
Risk-takers c)	1	0	0	0	0	0
	19	**36**	**5**	**0**	**7**	**48**

a) Total expenses recognised in 2019 for matching shares and conditional shares allocated in 2019 and previous year. For matching shares and conditional shares allocated to Executive Board in 2019, please refer to "Corporate governance" in Management review.

b) Barbara Plucnar Jensen took up the position as CFO on 1 March 2019.

c) Risk-takers in Tryg A/S includes only one employee, wherefore salary and pension is not presented. The amounts are included in note 27 for Tryg Group.

Of which retired	Number of persons	Severance pay
Supervisory Board	2	0
	2	**0**

Notes

10 **Related parties (continued)**

Fees are charges incurred during the financial year. Variable salary includes the charges for matching shares and conditional shares, which are recognised over 4 years.

Reference is made to section 'Corporate governance' of the management's review on the corresponding disbursements.
The Executive Board and risk-takers are included in incentive programmes. Please refer to note 6 in the Tryg Group annual report for information concerning this.

The members of the Supervisory Board in Tryg A/S are paid with a fixed remuneration and are not covered by the incentive schemes.

The Executive Board is paid a fixed remuneration, car allowance and pension.
The variable salary is awarded in the form of share-based remuneration and cash. see 'Corporate governance'.

Each member of the Executive Board is entitled to 12 months' notice and severance pay equal to 12 months' salary plus pension contribution (Group CEO is entitled to severance pay equal to 18 months' salary). If a change of control clause is actioned CEO and COO are instead entitled to Severance pay equal to 36 months' salary.

Risk-takers are defined as employees whose activities have a significant influence on the company's risk profile.
The Supervisory Board decides which employees should be considered to be risk-takers.

Parent company
TryghedsGruppen smba
TryghedsGruppen smba controls 53% of the shares in Tryg A/S.

Transactions with Group undertakings and associates
Tryg A/S exercises full control over Tryg Forsikring A/S, Alka Fordele A/S and Tryg Invest A/S.
In 2020 Tryg Forsikring A/S paid Tryg A/S DKK 2,599m and Tryg A/S paid TryghedsGruppen smba DKK 1,559m in dividends.

TryghedsGruppen smba has provided an irrevocable subscibtion undertaking to Tryg A/S, to subscribe for new shares in the coming Tryg Rights Issue for an amount totalling DKK 6.0bn.

DKKm	2020	2019
10 Related parties (continued)		
Intra-group trading involved		
- Providing and receiving services	36	18
- Intra-group accounts	513	163

The intra-group trading is primarily against Tryg Forsikring A/S.
Administration fee, etc. is settled on a cost-recovery basis.
Intra-group accounts are offset and carry interest on market terms.

11 **Reconciliation of profit/loss and equity**

The executive order on application of International Financial Reporting Standards for companies subject to the Danish Financial Business Act issued by the Danish FSA requires disclosure of differences between the format of the annual report under International Financial Reporting Standards and the rules issued by the Danish FSA.

There is no difference in profit/loss or equity recognised after Danish FSA and IFRS.

12 **Accounting policies**

Please refer to Tryg Group's accounting policies.

Q4 2020 Quarterly outline

DKKm	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Private									
Gross premium income	**3,245**	**3,167**	**3,169**	**3,162**	**3,059**	**3,055**	**3,010**	**2,897**	**2,679**
Technical result	537	588	607	313	494	458	593	406	531
Key ratios									
Gross claims ratio	68.1	66.8	65.0	79.1	67.9	69.2	64.8	70.7	64.2
Net reinsurance ratio	2.5	0.4	2.1	-2.7	2.5	1.8	1.8	1.6	2.4
Claims ratio, net of reinsurance	70.5	67.3	67.1	76.4	70.4	71.0	66.5	72.3	66.6
Gross expense ratio	12.8	14.1	13.7	13.7	13.4	13.9	13.8	13.8	13.5
Combined ratio	**83.3**	**81.3**	**80.8**	**90.1**	**83.8**	**84.9**	**80.3**	**86.1**	**80.1**
Combined ratio exclusive of run-off	83.7	82.3	82.2	91.1	84.9	85.4	83.1	89.8	83.0
Commercial									
Gross premium income	**1,132**	**1,118**	**1,068**	**1,112**	**1,079**	**1,083**	**1,062**	**1,050**	**1,044**
Technical result	153	194	212	176	105	154	196	111	270
Key ratios									
Gross claims ratio	64.9	61.8	60.1	64.6	69.1	70.6	60.8	67.6	52.2
Net reinsurance ratio	3.3	4.2	3.4	2.4	3.8	-2.3	3.4	4.0	4.5
Claims ratio, net of reinsurance	68.2	66.0	63.5	67.0	72.8	68.3	64.2	71.6	56.7
Gross expense ratio	18.2	16.5	16.5	17.2	17.4	17.4	17.5	17.8	17.5
Combined ratio	**86.4**	**82.5**	**80.0**	**84.1**	**90.3**	**85.7**	**81.7**	**89.4**	**74.2**
Combined ratio exclusive of run-off	98.2	88.7	83.3	92.8	93.6	94.3	89.7	98.4	89.6
Corporate									
Gross premium income	**973**	**990**	**945**	**968**	**987**	**1,032**	**994**	**966**	**987**
Technical result	-6	130	195	145	73	204	130	89	-117
Key ratios									
Gross claims ratio	79.9	52.2	59.4	86.5	86.1	59.7	62.0	76.0	92.7
Net reinsurance ratio	7.1	24.3	8.9	-12.1	-5.7	11.6	14.2	5.2	8.8
Claims ratio, net of reinsurance	87.0	76.5	68.3	74.4	80.4	71.3	76.2	81.2	101.5
Gross expense ratio	13.5	10.3	11.0	10.6	12.1	8.9	11.1	9.6	10.3
Combined ratio	**100.5**	**86.8**	**79.3**	**85.0**	**92.6**	**80.2**	**87.2**	**90.8**	**111.9**
Combined ratio exclusive of run-off	109.1	98.3	87.1	103.3	100.7	92.2	93.5	105.3	106.3

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Q4 2020 Quarterly outline

DKKm	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
Sweden									
Gross premium income	**393**	**443**	**415**	**353**	**364**	**422**	**392**	**343**	**361**
Technical result	96	69	67	35	90	54	61	26	38
Key ratios									
Gross claims ratio	61.3	67.9	64.0	73.5	53.1	70.5	66.5	76.4	71.7
Net reinsurance ratio	0.3	-0.3	1.0	-1.6	0.8	0.3	1.3	0.3	0.3
Claims ratio, net of reinsurance	61.6	67.6	65.1	71.9	53.8	70.8	67.8	76.7	72.0
Gross expense ratio	13.9	16.6	18.6	18.1	21.5	16.5	16.6	15.7	17.2
Combined ratio	**75.5**	**84.2**	**83.7**	**90.0**	**75.3**	**87.3**	**84.4**	**92.4**	**89.2**
Combined ratio exclusive of run-off	96.8	96.8	97.4	105.1	104.8	98.8	98.2	102.9	95.3
Other [a)]									
Gross premium income	**0**	**0**	**0**	**0**	**-11**	**-9**	**-6**	**-28**	**-18**
Technical result	0	0	-18	2	0	0	0	-6	-126
Tryg									
Gross premium income	**5,744**	**5,719**	**5,595**	**5,595**	**5,479**	**5,583**	**5,451**	**5,228**	**5,053**
Technical result	780	980	1,063	672	762	870	979	626	596
Investment return	513	237	541	-980	198	-29	57	353	-330
Other income and costs	-70	-67	-64	-64	-20	-62	-57	-49	-117
Profit/loss before tax	1,223	1,150	1,539	-372	940	779	979	930	149
Profit/loss	1,038	930	1,246	-442	705	599	782	757	110
Key ratios									
Gross claims ratio	69.0	63.4	63.2	77.1	70.3	67.8	63.6	71.8	69.0
Net reinsurance ratio	3.3	5.2	3.4	-3.2	1.2	2.7	4.3	2.2	3.6
Claims ratio, net of reinsurance	72.3	68.6	66.6	73.9	71.5	70.5	67.9	74.0	72.6
Gross expense ratio	14.0	14.1	14.3	14.1	14.6	13.9	14.2	14.0	15.6
Combined ratio	**86.3**	**82.7**	**80.9**	**88.0**	**86.1**	**84.4**	**82.1**	**88.0**	**88.2**
Combined ratio exclusive of run-off	91.8	87.4	84.6	94.4	90.7	89.4	87.4	95.1	92.3

a) In 2020 Amounts primarily relates to one-off items. In 2019 - 2018 amounts primarily relates to eliminations and one-off items.

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Q4 2020 Geographical segments

DKKm	Q4 2020	Q4 2019	2020	2019
Danish general insurance [a]				
Gross premium income	**3,540**	**3,341**	**14,007**	**13,204**
Technical result	711	544	2,707	2,606
Run-off gains/losses, net of reinsurance	238	118	633	712
Key ratios				
Gross claims ratio	64.0	69.2	65.2	64.7
Net reinsurance ratio	2.0	1.6	1.4	1.7
Claims ratio, net of ceded business	66.0	70.8	66.5	66.4
Gross expense ratio	13.8	12.7	13.9	13.7
Combined ratio	**79.7**	**83.5**	**80.5**	**80.1**
Run-off, net of reinsurance (%)	-6.7	-3.5	-4.5	-5.4
Number of full-time employees 31 December			2,859	2,650
Norwegian general insurance				
NOK/DKK, average rate for the period	68.26	74.07	69.63	75.80
Gross premium income	**1,640**	**1,636**	**6,411**	**6,472**
Technical result	40	153	473	469
Run-off gains/losses, net of reinsurance	50	44	247	283
Key ratios				
Gross claims ratio	72.6	70.0	75.3	73.7
Net reinsurance ratio	10.5	4.2	3.4	5.1
Claims ratio, net of ceded business	83.1	74.2	78.7	78.8
Gross expense ratio	14.5	16.8	14.1	14.4
Combined ratio	**97.6**	**91.0**	**92.7**	**93.1**
Run-off, net of reinsurance (%)	-3.0	-2.7	-3.9	-4.4
Number of full-time employees 31 December			1,099	1,083

DKKm	Q4 2020	Q4 2019	2020	2019
Swedish general insurance				
SEK/DKK, average rate for the period	71.83	70.14	70.95	70.62
Gross premium income	**564**	**512**	**2,234**	**2,120**
Technical result	30	66	331	169
Run-off gains/losses, net of reinsurance	28	93	274	205
Key ratios				
Gross claims ratio	90.0	79.2	65.8	74.0
Net reinsurance ratio	-9.6	-11.2	4.0	2.0
Claims ratio, net of ceded business	80.3	68.0	69.9	75.9
Gross expense ratio	14.3	19.2	15.3	16.1
Combined ratio	**94.6**	**87.2**	**85.1**	**92.0**
Run-off, net of reinsurance (%)	-4.9	-18.2	-12.3	-9.7
Number of full-time employees 31 December			441	419
Other [b]				
Gross premium income	**0**	**-10**	**0**	**-54**
Technical result	0	1	-16	-6
Tryg				
Gross premium income	**5,744**	**5,479**	**22,653**	**21,741**
Technical result	780	762	3,495	3,237
Investment return	513	198	311	579
Other income and costs	-70	-20	-265	-188
Profit/loss before tax	1,223	940	3,541	3,628
Run-off gains/losses, net of reinsurance	314	256	1,145	1,194
Key ratios				
Gross claims ratio	69.0	70.3	68.1	68.3
Net reinsurance ratio	3.3	1.2	2.2	2.6
Claims ratio, net of ceded business	72.3	71.5	70.3	70.9
Gross expense ratio	14.0	14.6	14.1	14.2
Combined ratio	**86.3**	**86.1**	**84.5**	**85.1**
Run-off, net of reinsurance (%)	-5.5	-4.7	-5.1	-5.5

Number of full-time employees, continuing business at 31 December	4,400	4,151

a) Includes Danish general insurance and German, Dutch, Austrian and Finnish guarantee insurance. The gross premium income related those branches amounts to DKK 106m (DKK 78m in 2019)

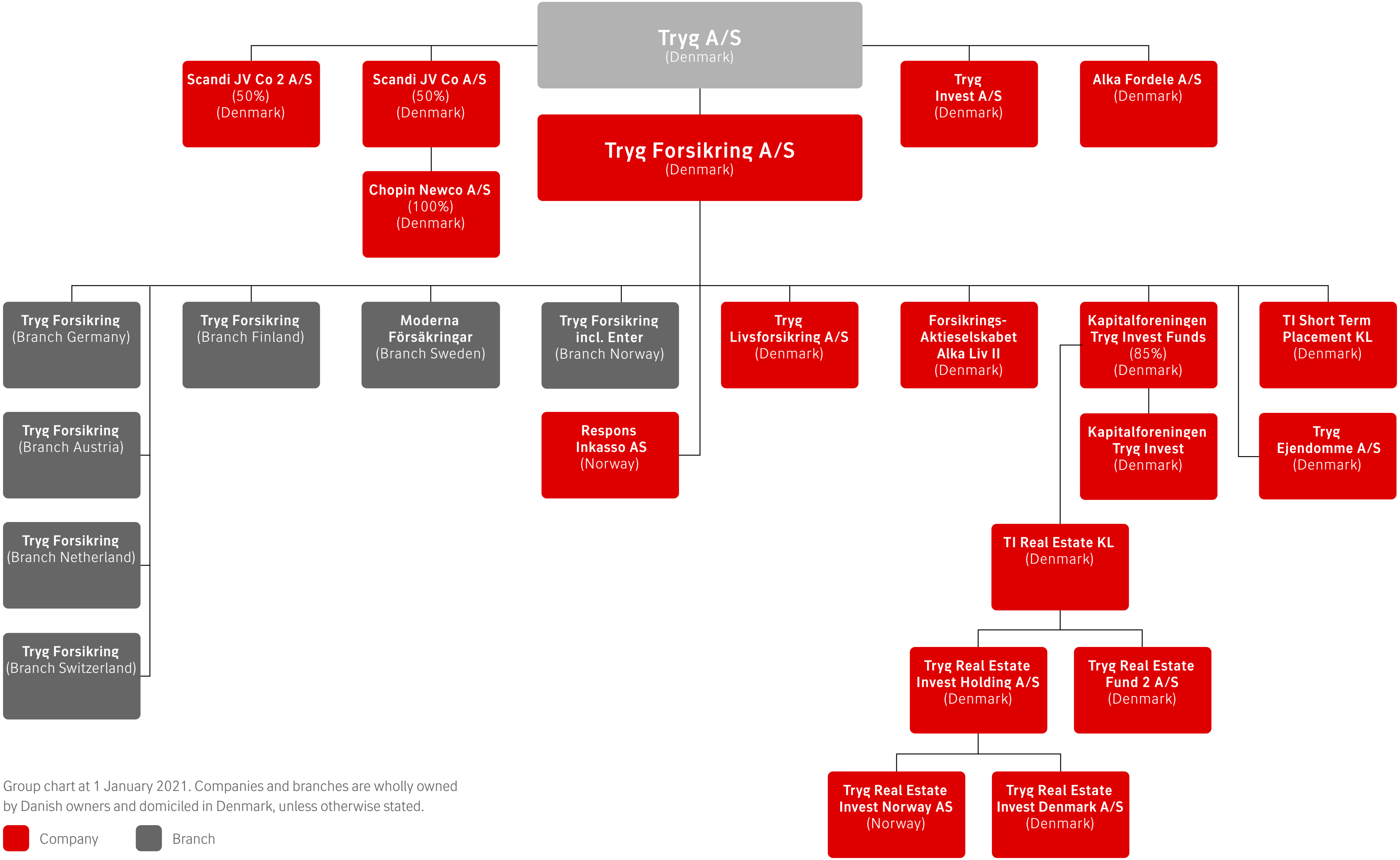
b) In 2020, Amounts primarily relates to one-off items. In 2019 amounts primarily relates to eliminations and one-off items.

Other key figures

	2020	2019	2018	2017	2016
Share performance					
Earnings per share (DKK)	9.19	9.42	5.73	9.12	8.84
Diluted earnings per share (DKK)	9.19	9.42	5.73	9.12	8.84
Earnings per share of continuing business (DKK)	9.19	9.42	5.74	9.12	8.84
Operating earnings per share (DKK)	9.54	9.82	5.84	9.12	8.84
Number of shares (1,000)	301,750	301,700	301,743	301,945	274,595
Average number of shares (1,000)	301,678	301,954	302,043	276,080	279,399
Diluted average number of shares (1,000)	301,678	301,954	302,043	276,080	279,399
Share price (DKK)	192.10	197.50	163.90	155.20	127.70
Net asset value per share (DKK)	40.64	40.05	37.56	41.78	34.37
Market price/net asset value	4.7	4.9	4.4	3.7	3.7
Ordinary dividend per share (DKK)	7.00	6.80	6.60	6.40	6.20
Extraordinary dividend per share (DKK)		1.65		3.31	3.54
Price/Earnings	20.9	21.0	28.6	17.0	14.4
Number of full-time employees, continued business, at 31 December	4,400	4,151	4,027	3,373	3,264

Key ratios are calculated in accordance with "Recom-mendations & Financial Ratios" issued by the Danish Society of Financial Analysts.

Group chart



Group chart at 1 January 2021. Companies and branches are wholly owned by Danish owners and domiciled in Denmark, unless otherwise stated.

Company   Branch

Glossary, Key Ratios and alternative performance measures

The financial highlights and key ratios of Tryg have been prepared in accordance with the executive order issued by the Danish Financial Supervisory Authority on the financial reports for insurance companies and multi-employer occupational pension funds, and also comply with 'Recommendations & Ratios' issued by the CFA Society Denmark.

Claims ratio, net of ceded business
Gross claims ratio + net reinsurance ratio.

Combined ratio
The sum of the gross claims ratio, the net reinsurance ratio and the gross expense ratio.

Danish general insurance
Comprises the legal entities Tryg Forsikring A/S (including Finnish, Netherlands, Austria and German guarantee branch and Tryg Livsforsikring A/S and excluding the Norwegian and Swedish branches).

Diluted average number of shares
Average number of shares adjusted for number of share options which may potentially dilute.

Discounting
Expresses recognition in the financial statements of expected future payments at a value below the nominal amount, as the recognised amount carries interest until payment. The size of the discount depends on the market-based discount rate applied and the expected time to payment.

Dividend per share

$$\frac{\text{Proposed dividend}}{\text{Number of shares at year-end}}$$

Earnings per share

$$\frac{\text{Profit or loss for the year x 100}}{\text{Average number of shares}}$$

Earnings per share of continuing business
Diluted earnings from continuing business after tax
Diluted average number of shares

Gross claims ratio

$$\frac{\text{Gross claims x 100}}{\text{Gross premium income}}$$

Gross expense ratio without adjustment

$$\frac{\text{Gross insurance operating costs x 100}}{\text{Gross premium income}}$$

Gross premium income
Calculated as gross premium income adjusted for change in gross premium provisions, less bonuses and premium discounts.

Market price/net asset value

$$\frac{\text{Share price}}{\text{Net asset value per share}}$$

Net asset value per share

$$\frac{\text{Equity at year-end}}{\text{Number of shares at year-end}}$$

Net reinsurance ratio

$$\frac{\text{Profit or loss from reinsurance x 100}}{\text{Gross premium income}}$$

Norwegian general insurance
Comprises Tryg Forsikring A/S, Norwegian branch.

Operating ratio
Calculated as the combined ratio plus insurance technical interest in the denominator.

$$\frac{\text{Claims + insurance operating costs + profit or loss from reinsurance x 100}}{\text{Gross premium income + insurance technical interest}}$$

Own funds
Equity plus share of qualifying solvency debt and profit margin (solvency purpose), less intangible assets, tax asset and proposed dividend.

Price/Earnings

$$\frac{\text{Share price}}{\text{Earnings per share}}$$

Relative run-off result
Run-off gains/losses net of reinsurance divided by claims provisions net of reinsurance beginning of year.

Return on equity after tax (%)

$$\frac{\text{Profit for the year after tax x 100}}{\text{Average equity}}$$

Run-off gains/losses
The difference between the claims provisions at the beginning of the financial year (adjusted for foreign currency translation adjustments and discounting effects) and the sum of the claims paid during the financial year and the part of the claims provisions at the end of the financial year pertaining to injuries and damage occurring in earlier financial years.

Solvency II
Solvency requirements for insurance companies issued by the EU Commission. The new rules came into force at 1 January 2016.

Solvency ratio
Ratio between own funds and capital requirement.

Swedish general insurance
Comprises Tryg Forsikring A/S, Swedish branch.

Total reserve ratio
Reserve ratio, claims provisions + premium provisions divided by premium income.

Unwinding
Unwinding of discounting takes place with the passage of time as the expected time to payment is reduced. The closer the time of payment, the smaller the discount. This gradual increase of the provision is not recognised under claims, but under technical interest in the income statement.

Alternative performance measures
Until the sale of certain owner occupied properties by the Tryg Group in 2016, pursuant to the executive order issued by the Danish Financial Supervisory Authority on the financial reports for insurance companies and multi-employer occupational pension funds, the Tryg Group has calculated the gross expense ratio, the combined ratio and the operating ratio by adding a hypothetical market rent to and deducting the actual depreciation from operating expenses. Previously, in addition the Tryg Group has in its financial statements presented a gross expense ratio without these adjustment as an alternative performance measure, however, subsequent to 2016 this alternative performance measure is not relevant and not presented as the Tryg Group does not have owner occupied properties.

The following financial measures included in this Annual report are not measures of financial performance or liquidity under IFRS, as adopted by the EU or in accordance with the executive order issued by the Danish Financial Supervisory Authority on the financial reports for insurance companies and multi-employer occupational pension funds but are defined by management as follows:

Large claims, net of reinsurance
Large claims, net of reinsurance is defined as single claims or claims events gross above 10m in local currencies adjusted for reinsurance.

Large claims, net of reinsurance, as calculated by the Tryg Group, represents

$$\frac{\text{Large claims, net of reinsurance}}{\text{Premium income}}$$

Weather claims, net of reinsurance
Weather claims, net of reinsurance, is defined as claims related to Storm, Cloudbursts, Natural perils and Winter, adjusted for reinsurance.

Weather claims, net of reinsurance, as calculated by the Tryg Group, represents

$$\frac{\text{Weather claims, net of reinsurance}}{\text{Premium income.}}$$

Run-off, net of reinsurance
Run-off, net of reinsurance, as calculated by the Tryg Group, represents

$$\frac{\text{Run-off, net of reinsurance}}{\text{Premium income.}}$$

Premium growth excluding Alka in local currencies
Premium Growth excluding Alka in local currencies, as calculated by the Tryg Group, represents

$$\frac{\text{(Premium income excluding Alka in local currencies in year X - Premium income excluding Alka in local currencies in year X-1)}}{\text{Premium income excluding Alka in local currencies in year X-1}}$$

Impact from COVID-19 claims, Gross
The impact from COVID-19 on claims, Gross is defined as the impact calculated by comparing normalised claims frequencies and average claims levels for specific lines of business and the same for 2020.

Impact from COVID-19 technical result, Gross
Impact from COVID-19 on technical result, Gross is defined as the impact from COVID-19 on claims, gross added by costs in relation to COVID-19 due to IT (employees working from home) and extra cleaning of premises etc.

Impact from COVID-19 claims, net of reinsurance
The impact from COVID-19 on claims, net of reinsurance is defined as impact from COVID-19 on claims, gross adjusted for reinsurance.

Impact from COVID-19 claims, Gross as calculated by the Tryg Group, represents

$$\frac{\text{Impact from COVID-19 claims, net of reinsurance}}{\text{Premium income}}$$

Impact from COVID-19 technical result, net of reinsurance
The impact from COVID-19 on technical result, net of reinsurance is defined as impact from COVID-19 on technical result, gross adjusted for reinsurance.

Product overview

Being one of the largest insurance companies in the Nordic region, Tryg offers a broad range of insurance products to both private individuals and businesses. Tryg continuously develops new products and adapts existing peace of mind solutions to customer requirements and developments in society. Also, Tryg focuses strongly at all times on striking a better balance between price and risk.

Tryg sells its products primarily via its own sales channels such as call centres, the Internet, tied agents, franchisees (Norway), interest organisations, car dealers, real estate agents, insurance brokers and Nordea branches. Moreover, Tryg engages in international cooperation with the AXA Group. It is an important element of Tryg's distribution strategy to be available in places where customers want it and that most distribution takes place via the company's own sales channels.

Motor insurance

Motor insurance accounts for 30% of total premium income and comprises mandatory third-party liability insurance providing cover for injuries to a third party or damage to a third party's property, and a voluntary comprehensive insurance policy that provides cover for damage to the customer's own vehicle from collision, fire or theft.

In Denmark, motor insurance taken out by concept customers includes Tryg's roadside assistance, such as towing and battery jump-start.

Fire and contents – Private

Fire and contents insurance for private customers represents 25% of total premium income and includes, for example, house and contents insurance.

House insurance covers damage to properties caused by, for example, fire, storm or water, legal assistance and the customer's liability as owner of the property.
The contents insurance covers loss of or damage to private household contents and covers in and outside of the home. Moreover, the insurance includes liability and legal assistance, to which can be added a number of supplementary covers, for example cover of sudden damage and damage to electronic equipment.

Personal accident insurance

Personal accident insurance accounts for 11% of total premium income and covers accidental bodily injury and death resulting from accidents.

Compensation takes the form of a lump sum intended to help the customer cope with the financial consequences of an accident, thereby making their daily lives easier. The insurance can include a number of supplementary covers, including treatment by a physiotherapist or chiropractor.

Fire and contents – Commercial

Commercial fire and contents insurance, which includes building insurance, represents 12% of total premium income and covers the loss of or damage to the buildings, stock or equipment of commercial customers. Moreover, Tryg provides cover for operating losses in connection with covered claims.

Workers' compensation insurance

Workers' compensation insurance accounts for 4% of total premium income and covers employees against bodily injury sustained at work (in Norway, also occupational diseases). Workers' compensation insurance is mandatory and covers a company's employees (except for public sector employees and persons working for sole proprietors).

General third-party liability insurance

General third-party liability insurance represents 5% of total premium income and covers various types of liability, including claims incurred by a company arising from the conduct of its business or in connection with its products, and third-party liability for professionals.

Health insurance

Health insurance represents 2% of total premium income. The insurance covers
the costs of examinations, treatment, medicine, surgery and rehabilitation at a private health facility.

Disclaimer

Certain statements in this annual report are based on the beliefs of our management as well as assumptions made by and information currently available to management. Statements regarding Tryg's future operating results, financial position, cash flows, business strategy, plans and future objectives other than statements of historical fact can generally be identified by the use of words such as 'targets', 'believes', 'expects', 'aims', 'intends', 'plans', 'seeks', 'will', 'may', 'anticipates', 'would', 'could', 'continues' or similar expressions.

A number of different factors may cause the actual performance to deviate significantly from the forward-looking statements in this annual report, including but not limited to general economic developments, changes in the competitive environment, developments in the financial markets, extraordinary events such as natural disasters or terrorist attacks, changes in legislation or case law and reinsurance.

Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, Tryg's actual financial condition or results of operations could materially differ from that described herein as anticipated, believed, estimated or expected. Tryg is not under any duty to update any of the forward-looking statements or to conform such statements to actual results, except as may be required by law.

Read more in the chapter Solvency and dividend on ***pages 31-32***, and in Note 1 on ***page 60-69***, for a description of some of the factors which may affect the Group's performance or the insurance industry.